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KANG KEQING HOSTS RECEPTION FOR UNICEF MEMBERS

OW251520 Beijing XINHUA in English 1508 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Kang Keqing, president of the All-China Women's Federation and vice chairman of the Chinese People's National Committee for Defence of Children, gave a reception at the Great Hall of the People here this evening in honour of James P. Grant, executive director of the UNICEF and the participants in the inter-regional staff seminar of the United Nations Children's Fund.

Before the reception, Kang Keqing, met with Mr and Mrs Grant and part of the seminar's participants.

The UNICEF inter-regional staff seminar is scheduled to be held in Beijing, Qingdao and Shanghai between June 26 and July 16 and will be attended by 32 participants from UNICEF's New York headquarters and its 18 regional offices in Asia, Africa and Latin America.

XINHUA REPORTS ON EUROPEAN SECURITY CONFERENCE

OW171903 Beijing XINHUA in English 1831 GMT 17 Jun 81

[Text] Beijing, 17 Jun (XINHUA)--U.S. chief delegate Max Kampelman, at the European security review conference in Madrid yesterday, accused Moscow of stepping up its military buildup during the "detente" period, according to reports from that city.

Addressing a plenary session of the conference, he pointed out that the Soviet Union was now deploying SS-20 nuclear missiles at a rate of one every five days, more than 40 since the conference opened in Madrid last November. Kampelman charged the Soviet Union with talking about peace while engaging in an act of war in Afghanistan.

After citing numerous facts at the June 12 meeting, Kampelman censured the Soviet Union for exploiting the period described by the Kremlin as "a period of detente" to beef up its vast military buildup. "One is forced to ask whether for the Soviet Government detente has been an objective or a camouflage," he added.

Kampelman pointed out that the Soviet Union had spent twice as much as the Pentagon on conventional arms and three times the U.S. amount on nuclear strategic arms since the late 1960's. The Soviet authorities increased the defense budget by five to eight percent annually, accounting for 11 to 12 percent of the gross national product of that country, he added. He continued to say that in the European theater, the Warsaw Pact had 2.8 tanks for every NATO tank. And the Soviet Navy was changed in the 1970's "from a coastal defense force into a blue water navy present in all seas of the world."

The head of the Soviet delegation Leonid Ilyichev also made speeches on the same days, trying to explain away their arms expansion. He charged the United States with an attempt to scare its European allies into accepting new U.S. medium-range missiles.

The conference has already run more than two months beyond schedule, but, it has not made any substantial progress yet. At present, delegates are engaged in slow backstage negotiations to try to agree on a concluding document.

Ilichev purposely tried to spread an optimistic atmosphere in his speech on June 16, saying that tentative agreements had been reached on two-thirds of the proposals. But Western delegates pointed out that quality more than quantity was what mattered, and that there was no agreement on the most important controversial issues such as military security and human rights.

REAGAN MESSAGE TO CHINESE PEOPLE ON ART EXHIBIT

OW260725 Beijing XINHUA in English 0711 GMT 26 Jun 81

[Excerpt] Washington, 25 Jun (XINHUA)--An exhibition of American paintings will be shown in China in September, the International Communication Agency [USICA] announced today. The exhibition is organized by the Boston Museum of Fine Arts.

Seventy paintings spanning 250 years and ranging from conlonial portraits to contemporary works will be displayed in Beijing and Shanghai.

Included in the exhibition are John Singleton Copley's portrait of Mrs Richard Skinner, Fitz Hugh Lane's romantic seascape "New York Harbor," Winslow Homer's masterpiece "Look Out--All's Well," Thomas Birch's "Landing of William Penn" and David Gilmur Blyth's "Battle of Gettysburg," as well as contemporary works by Jackson Pollock, Franz Kline, Helen Frankenthaler and Morris Louis.

President Ronald Reagan in his message to the Chinese people on the exhibit catalog said, "I take great pleasure in the presentation of this exhibition, the first display of American art in China under the terms of the cultural agreement between the United States of America and the People's Republic of China."

President Reagan's statement expresses the hope that the exhibit will provide Chinese with the same opportunity to learn about life in the United States that Americans have had to learn about life in China through the Chinese art and archaeological exhibits seen recently in the United States.

USICA and the Ministry of Culture in China are the organizations responsible for executing the 1979 agreement. The agency also has sponsored an American film festival in China.

USICA plans to send a dance troupe to China later this year. A festival of Chinese film is scheduled to open in the United States this fall.

PRC, U.S. DANCERS PERFORM TOGETHER IN BEIJING

OW221710 Beijing XINHUA in English 1645 GMT 22 Jun 81

[Excerpts] Beijing, 22 Jun (XINHUA)--Members of the visiting Houston Ballet Company from the United States joined dancers from the Beijing Institute of Dance in presenting a program of classical and contemporary ballet here this evening at the Beijing exhibition center's theater.

Ben Stevenson, artistic director of the Houston Ballet, said this was the first time for Chinese and American dancers to perform together.

Among the dancers from Houston are international stage and film star Gwen Verdon, who has been honored as the "best actress" in the United States four times, and Clare Duncan, administrator and principal teacher at the Houston Ballet Academy.

This evening's performance was attended by more than 2,700.

Zhou Weizhi, acting minister of culture, and John C. Thomson, cultural counselor of the U.S. Embassy in China, attended the opening performance.

VICE PREMIER FANG YI MEETS U.S. UNIVERSITY GROUP

OW251514 Beijing XINHUA in English 1506 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Vice-Premier Fang Yi met here today with a delegation from the City College of the City University of New York led by Acting President Arthur Tiedemann.

The host and the guests had a cordial discussion about academic exchange and cooperation between the college and Chinese scientific and educational institutions.

Thirty Chinese scholars are now studying in the City College of New York.

The delegation has come to China to further academic exchanges with the Chinese Academy of Sciences and establish official ties with Zhongshan and Fudan Universities.

VICE PREMIER FANG YI RECEIVES U.S. ENTERTAINER

OW221309 Beijing XINHUA in English 1239 GMT 22 Jun 81

[Excerpt] Beijing, 22 Jun (XINHUA)--Vice-Premier Fang Yi had a reunion with the well-known American pop singer, John Denver, here today.

They first met with each other at a cultural evening in Washington in early 1979, when Fang Yi was accompanying Vice-Chairman Deng Xiaoping on a visit to the United States. Denver sang several numbers for the Chinese guests on that occasion.

Welcoming Denver to China, Fang Yi said he appreciated the American singer's excellent performance and thanked him for it.

XINHUA REPORTS NEW U.S. 'TWO-WAR' STRATEGY

OW191213 Beijing XINHUA Domestic Service in Chinese 1157 GMT 17 Jun 81

[Text] Beijing, 17 Jun (XINHUA)--According to U.S. press reports, the Reagan administration has formulated a new strategy called "two wars" to replace the past strategy of "one and one-half wars." This new strategy was disclosed by Defense Secretary Weinberger in his recent talk with reporters. The strategy calls for U.S. readiness to fight at least two large-scale wars simultaneously, one in Europe and the other in other regions, possibly in the Mideast. The concept of "one and one-half wars" means that while carrying on a large-scale war in Europe, the United States may have to deal with another conflict on a smaller scale in Asia or in the Caribbean Sea area.

Weinberger explained that the past strategy "was a fully reliable plan at a time when the Soviet Union did not have the same strong capability as it does now." However, the Soviet capability at present demands that we must plan to fight at least two wars simultaneously--wars that would require massive troops not only of ourselves but of our allies." He continued: Under such circumstances, the United States "may face a situation like this: While dispatching reinforcement units and supplies to the battlefronts in central Europe, the United States will have to do its best to protect the sealane to oil fields."

Weinberger said: This new strategy at present is "merely a very rough plan" because it is not possible at present to accurately decide on the number of possible conflicts. However, he stressed that "what we can strive to achieve is to be ready for unexpected things we can most accurately predict at the present stage."

RENMIN RIBAO ON MOSCOW'S TACTICS TOWARD FRG

HK251442 Beijing RENMIN RIBAO in Chinese 24 Jun 81 p 7

[Article by Wang Shifang [3769 1102 5364]: "Moscow's Tactics of Making Water Stop Boiling by Pulling Firewood From Under the Kettle"]

[Text] In the eyes of the Kremlin, West Germany is a delightful lover and an enemy being both lovable and disagreable at the same time. It is lovable because when Moscow is trying hard to peddle its detente policy, there are quite a few who echo it in Bonn. Besides, its funds, technology and commodities have become important supports in maintaining the Kremlin's "flourishing socialism." It is disagreeable because it unexpectedly wants to strengthen its defense capabilities and deploy nuclear missiles in accordance with NATO's decision. This has greatly angered Moscow which spouts abuses from time to time.

Because of this, the Kremlin's strategy toward West Germany is a combination of hard and soft tactics, coupling threats with promises. However, these tactics have the same goal --attempting to force West Germany to change its stand and pursue an "independent policy."

Recently, Chancellor Helmut Schmidt visited the United States and held talks with President Ronald Reagan. Both parties expressed their support of the 1979 NATO decision to deploy U.S. Pershing-II medium-range nuclear missiles and cruise missiles in West Europe in the mid-1980's as a means to counter the Soviet military threat. Unexpectedly, that has stirred up a hornet's nest and provoked Moscow to immediately attack Chancellor Schmidt from all directions.

However, in the meanwhile, Moscow has invited Willy Brandt, chairman of the SPD, to visit the Soviet Union. As disclosed by UPI, "During Brandt's visit, the Soviet Union will stress to him that the Soviet Union wants peace and hopes that NATO will temporary delay deploying missiles in West Germany." Probably, it is not without reason that Moscow takes such completely different approaches to these two important leaders of one and the same party. As reported, the leftwing of Chancellor Schmidt's SPD opposes deploying nuclear missiles in West Germany and Brandt also takes a "skeptical attitude toward the missile plan." Besides, Brandt has also criticized Schmidt, saying that his rejection of Moscow's proposal of "temporarily delaying" the deployment of nuclear missiles in West Europe is "too careless." Therefore, "Moscow hopes that Brandt's visit to the Soviet Union will strengthen the force opposing the NATO decision within the West German SPD and will attempt "to change through Brandt the attitude of the West German leadership on the missile problem."

Moscow does not even disguise its threats to the West German people, saying that if nuclear missiles are deployed in West Germany, "The existence of these weapons creates the danger of its destruction the moment a nuclear conflict occurs," and Moscow intends to "start a propaganda campaign to mobilize public opinion in West Germany to oppose Schmidt," thus forcing West Germany to change its decision on deploying nuclear missiles.

Centering on this issue and in view of the pacifist sentiments and the bitter memory of fascist Germany's aggression in Europe, which still exists in Europe, Moscow for ulterior motives compares Chancellor Schmidt's support of the NATO decision to Hitler's aggression 40 years ago. It incites the people, saying: "The people" in Europe "will never forget the evil tendency of militarism in West Germany." It attempts to instigate dissatisfaction and the fears of the European people toward West Germany in order to "excite European public opinion to oppose the deployment of nuclear weapons." All this clearly shows that Moscow harbors dark designs.

As known to all, West Germany is NATO's mainstay in West Europe. Whether viewed from its actual strength or from its strategic position, it plays a role which cannot be replaced. It is at the forefront of the NATO countries, and it directly faces the Warsaw Pact which has superior strength. In the event Moscow launches an attack, West Germany will be the initial target.

The destiny of the other West European countries depends on whether it holds out against the powerful Soviet offensive. Therefore, NATO's decision to deploy 572 medium-range nuclear missiles and cruise missiles in 1983 means the majority of them, 204, will be deployed in West Germany. The rest will be deployed in Great Britain, Italy, The Netherlands and Belgium.

However, if Moscow's well-planned scheme is realized and the deployment of missiles in West Germany cannot be carried out as scheduled, the action of falling dominos will take place and the consequences to other countries will be unimaginable. It will upset and even totally undermine NATO's original plan and force countries in West Europe to remain under the nuclear threat. This is why Moscow hysterically attacks Schmidt and has meticulously arranged for Brandt to visit the Soviet Union, and this is also the reason for its desire for Bonn to pursue a so-called "independent policy." In the final analysis, these are its tactics toward NATO--to make water stop boiling by pulling firewood from under the kettle, but whether it can achieve what it wishes is not yet clear. The West German Budesrat has unanimously expressed its support of NATO's decision. This is an answer to Moscow's scheme.

XINHUA CITES BREZHNEV CALL FOR NUCLEAR ARMS TALKS

OW231924 Beijing XINHUA in English 1908 GMT 23 Jun 81

[Text] Moscow, 23 Jun (XINHUA)--The Supreme Soviet of the USSR issued an appeal today, calling for talks with the West on nuclear arms limitation. The appeal, which is issued to "parliaments and peoples of the world," denies the existence of a military threat from the Soviet Union. It professes that "the Soviet Union does not threaten anyone, does not seek confrontation with any state in the West or the East. The Soviet Union has not pressed and is not pressing for military superiority."

Presenting the appeal to the session, Soviet leader Leonid Brezhnev did not mention in his speech the Soviet arms expansion and its invasion of Afghanistan.

He attacked the U.S. and other Western countries for "launching an arms race unprecedented in scale" and for "evading negotiations on restricting rearmament, on eliminating seats of conflict and on the peaceful solution of disputed international problems."

XINHUA NOTES CPSU OFFICIAL'S REMARKS ON POLAND

OW211226 Beijing XINHUA in English 1219 GMT 21 Jun 81

[Text] Moscow, 20 Jun (XINHUA)--The head of the International Department of the CPSU Central Committee, Leonid Zamyatin, tonight accused the Polish United Workers' Party of pursuing "a policy of making concession and compromises."

Zamyatin said in a televised speech that the situation in Poland had not improved.

Zamyatin's remarks constitute another open Soviet interference in Poland's internal affairs following the Soviet party Central Committee's recent letter to the Polish United Workers' Party Central Committee.

Zamyatin raised a series of questions: "Why has the Polish leadership failed to control the situation?" "Why has the country been reduced to such a mess?" "Why did the party make compromises that weakened rather than strengthened the power?" "Why did the party fail to fight back?" "Why all these concessions?" These questions were clearly directed against the Polish leadership.

Zamyatin also expressed dissatisfaction over the election of delegates to the Polish party's ninth extraordinary congress in which certain people had failed to be reelected.

He said that the revisionist groups in the Polish United Worker's Party, together with the "Solidarity" Trade Union, are making use of some one million party members in the "Solidarity" in an attempt to create such a composition of the party congress that could lead to the "degeneration" or "division" of the Polish party.

He wanted the Polish United Workers' Party "to wage a genuine political struggle" and "to reverse the course of events" in Poland.

CORRECTION TO ARTICLE ON SINO-SOVIET BORDER TALKS

The following correction should be made to the item published in the International Affairs section of the 18 June 1981 China DAILY REPORT on page C 1 under the title, "RENMIN RIBAO Article on Sino-Soviet Border Talks."

On page C 6, the first sentence of the sixth paragraph should read: Fourth, the Chinese Government proposes that a new and equal Sino-Soviet treaty should be signed to replace the old and unequal Sino-Russian treaties.

JAPAN PROTESTS SOVIET AIRSPACE VIOLATION

OW260815 Beijing XINHUA in English 0730 GMT 26 Jun 81

[Text] Tokyo, 26 Jun (XINHUA)--The Japanese Embassy in Moscow protested yesterday against the violation of Japan's air space by Soviet aircraft according to a KYODO report today. This was the second protest lodged by Japan with the Soviet Union. On June 10, Japan lodged a protest with the Soviet authorities against the violation of air space over Rebunjima Island, Hokkaiddo, on June 6 by Soviet aircraft and demanded the Soviet authorities take earnest measures to prevent the recurrence of such accidents. The Soviet authorities, however, rejected the protest on June 19 claiming that there was no Soviet violation of Japanese air space.

JAPANESE DIET DELEGATION VISITS SHANGHAI

OW251648 Beijing XINHUA in English 1639 GMT 25 Jun 81

[Text] Shanghai, 25 Jun (XINHUA)--The visiting delegation from Japan's House of Representatives, led by Speaker Hajime Fukuda, were guests of honor here this evening at a banquet hosted by the Shanghai Municipal People's Congress Standing Committee.

Welcoming the Japanese dietmen, Zhong Min, vice-chairman of the municipal People's Congress Standing Committee, said since the establishment of their friendship bonds, Shanghai and the Japanese cities of Yokohama and Osaka have developed exchanges in economy and trade, science and technology, culture and education and public health. He said he hoped for further expansion of Sino-Japanese friendship.

Fukuda said that to safeguard world peace and promote prosperity of various countries, Japan and China should strengthen their cooperation and enhance their traditional friendship.

The Japanese guests flew into Shanghai this morning from the southwest China city of Chongqing. Later in the afternoon, they visited the Shanghai industrial exhibition center and other sites in the city.

LIAO CHENGZHI MEETS JAPANESE BASEBALL STAR

OW251534 Beijing XINHUA in English 1511 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Liao Chengzhi, vice-chairman of the Standing Committee of the National People's Congress, met with Shigeo Nagashima, a Japanese baseball star and former manager of the Giants professional baseball team of YOMIURI SHIMBUN of Japan, and his wife Akiko Nagashima in the Great Hall of the People here this evening.

Liao Chengzhi extended his welcome to the Japanese baseball star and his wife who are visiting China for the first time as guests of the Beijing branch of the All-China Sports Federation. Nagashima presented to Vice-Chairman Liao Chengzhi a sports jacket of the "Golden Players' Club" of Japan embroidered with his own surname.

Nagashima, now 45, served as one of the top "Giants" players for 17 years. His cooperation with Sadaharu O, another star player, and other members enabled the "Giants" to win 14 national championships including nine successive ones. Nagashima was manager of the team from November 1974 to last October.

The meeting was followed by a banquet given by Liao Chengzhi for the Nagashimas.

Also present were Wang Meng, minister in charge of the Physical Culture and Sports Commission, Bai Jiefu, vice-mayor of Beijing, and Wei Ming, president of the Chinese Baseball and Softball Association and of the Beijing branch of the All-China Sports Federation.

RENMIN RIBAO ARTICLE VIEWS ANZUS COOPERATION

HK251320 Beijing RENMIN RIBAO in Chinese 25 Jun 81 p 7

[Article by Wei Yuqin [7614 3768 3830]: "Increasing Cooperation Among ANXUS Members"]

[Text] The 30th ANZUS Council meeting was held in Wellington on 22 and 23 June, with the participation of Australian Foreign Minister Anthony Street, New Zealand Foreign Minister Brain Talboys and U.S. Secretary of State Alexander Haig. According to the communique issued at the end of the meeting, the three countries discussed "wide ranging global, regional and bilateral problems." The conference "reached a consensus on the majority of problems." Meanwhile, according to a REUTER report, there were "obvious" differences in certain respects.

Haig arrived in Wellington after visiting China and attending the ASEAN foreign ministers conference. He briefed his Australian and New Zealand counterparts on the U.S. global strategy. Australia and New Zealand agreed to the U.S. estimate of the Soviet military threat. It was reported that the three countries fully realize that the Soviet expansionist activities in Africa, the Middle East and Indochina posed a serious threat and that the Afghan and Kampuchean problems were proof of Soviet expansionism, which constitute a direct threat to regional security. Australia and New Zealand expressed their resolute support for the United States in its hardline approach toward the Soviet Union.

The meeting showed a clear-cut stand on certain existing major international problems. On the Afghan problem, the meeting once again condemned the Soviet invasion of Afghanistan. It pointed out that the Soviet military presence aggravated international tension and called for the immediate withdrawal of Soviet troops from Afghanistan. Concerning the Kampuchean problem, the three countries expressed hope for the establishment of a broadly based united front in Kampuchea and called for the early settlement of the Kampuchea problem by political means under the auspices of the United Nations. On the Poland problem, the conference strongly warned the Soviet Union not to intervene in the internal affairs of Poland. It stressed that any intervention in Poland's internal affairs would have serious consequences, as far as international peace and stability was concerned. It pointed out that Poland should be allowed to manage its own affairs without outside interference.

The Australian and New Zealand foreign ministers and the U.S. Secretary of State had earlier attended an ASEAN foreign ministers conference. They expressed their high opinion of the significance of ASEAN's role in Asia. They were deeply impressed by ASEAN countries' cooperation, their confidence and their economic development. They expressed support for ASEAN's efforts in solving the Kampuchean problem and maintaining peace and stability in Southeast Asia. They are willing to strengthen consultations and cooperation with various ASEAN countries on major problems.

Australia, New Zealand and the United States are situated in the Pacific region. Australia and New Zealand are also located on the sealane linking up the southern part of the Indian Ocean with the Pacific, which is an important strategic point. In recent years, the three countries have been paying close attention to the Soviet Union's expansionist activities in this region. The 25th ANZUS Council meeting held in 1976 noted that the Soviet Union had strengthened its military deployment and combat effectiveness in the Indian Ocean. Proposals were raised supporting the United States' establishing military installations on Diego Garcia Island, approving the U.S. nuclear warships use of Australian and New Zealand ports and supporting Australia's expansion of its naval bases. The 26th ANZUS Council meeting held in 1977 once again emphasized that vigilance must be maintained against the Soviet expansion in the Indian Ocean and Pacific. After the Soviet Union's intervention in Afghanistan at the end of 1979, the ANZUS Council stepped up its activities.

The 20th council meeting convened in 1980 before its scheduled date explicitly proclaimed: The three countries maintain that the Soviet Union's intervention in Afghanistan is a challenge to the independence of various countries in the world. To prevent the Soviet Union from taking further adventurist acts, the three countries believe that they should deploy their military forces in the Indian Ocean. The meeting made a political decision on strengthening the defense cooperation among the three nations and affirming the new military role of ANZUS to counter the Soviet Union's threat to oil supplies from the Persian Gulf. The meeting also discussed the matter of sending a special fleet led by the Australian aircraft carrier "Melbourne" to patrol the Indian Ocean. New Zealand would provide naval and air support to the full extent of its manpower and material resources. The United States would strengthen its naval reconnaissance and antisubmarine patrol and increase its military aid to the allied countries and beef up its capabilities to defend the sealanes of the West. Thereafter, the three countries took measures respectively to increase their defense budgets, expand the facilities of their bases, purchase more weapons and further modernize their weapon systems to strengthen the defense capabilities of the ANZUS members.

Over the past year, Australia, New Zealand and the United States held several military exercises. In May, they carried out a joint naval and air exercise code-named "Beacon Compass 81," in which 10 warships including the "Melbourne" and the "Midway" aircraft carriers, 85 aircraft and about 10,000 military personnel took part. In February, Australian Defense Minister Denis James Killen announced that in the latter half of this year the three countries would hold a joint naval and air exercise code-named "Big Kangaroo 81" in Australian coastal waters. A joint land force exercise would also be held with participation of naval and air forces.

NEW ZEALAND REFUSES VISAS TO SOVIET GROUP

OW251351 Beijing XINHUA in English 1325 GMT 25 Jun 81

[Text] Wellington, 25 Jun (XINHUA)--The New Zealand Government has refused visas to a Soviet delegation for a visit to this country, according to local press reports. This decision was taken in line with the policy of restraint in relations with the Russians since the Soviet invasion of Afghanistan. The Soviet delegation was to come to celebrate the 40th anniversary of the New Zealand-USSR Society at the invitation of the organization.

In a letter to the society president earlier, Foreign Minister Brian Talboys said that "the policy of restraint in relations with the USSR was not of New Zealand's making. The origin of the policy was the Soviet invasion of Afghanistan." The proposed Soviet delegation would have a minister of trade from a Soviet republic, writers and academicians as its members.

Last year, a Soviet cosmonaut was also refused entry as a result of New Zealand's policy of curtailing official contacts and suspending negotiations of cultural, scientific and educational exchanges because of the invasion of Afghanistan.

In the meantime, neither country has appointed an ambassador to the other since the Soviet Ambassador--V. Sofinskiy--was expelled in February, 1980, for interference in New Zealand domestic politics.

NEW ZEALAND'S MACINTYRE COMMENTS ON TRADE WITH PRC

OW251224 Beijing XINHUA in English 1214 GMT 25 Jun 81

[Text] Wellington, 25 Jun (XINHUA)--China's current economic readjustments would not significantly affect the trading prospect between the two countries, New Zealand Deputy Prime Minister Duncan MacIntyre said here last night.

Addressing a meeting of the New Zealand-China Trade Association, MacIntyre (who is acting prime minister while Robert Muldoon is overseas) said that the New Zealand Government shares with businessmen of the association a common interest in the growing significance of China as an expanding overseas market.

"China is our most rapidly developing overseas market," the deputy prime minister said. New Zealand export to China increased fourfold in value in the three years to June, 1980, he added.

The achievement in expanding trade relations is entirely appropriate "Since China and New Zealand share, amongst other things, a common denominator in that they are both Pacific basin nations," MacIntyre noted.

Ruan Jiageng, commerical counsellor of the Chinese Embassy here, was present at the meeting and also made an address.

Trade relations between China and New Zeland have been developing rapidly since the establishment of diplomatic relations in 1972. Since then two-way trade has increased 19 times to 192.8 million New Zealand dollars by the end of 1980. In 1980 alone, New Zealand export totalled more than 163 million N.Z. dollars, a rise of 64 percent over 1979. In the same period, New Zealand's import from China reached 29.6 million N.Z. dollars, an increase of 17 percent.

HUANG HUA IN INDIA FOR TALKS WITH COUNTERPART

OW260130 Beijing XINHUA in English 0118 GMT 26 Jun 81

[Text] New Delhi, 26 Jun (XINHUA)--Chinese Vice-Premier and Foreign Minister Huang Hua and his wife He Liliang arrived at Delhi airport this morning for a five-day official visit.

Huang is the first Chinese Government leader to visit India since 1960. He was greeted at the airport by Indian External Affairs Minister P.V. Narasimha Rao, and other high-ranking officials.

Huang Hua made a statement at the airport that he was happy to visit India. "As close neighbours, China and India have maintained friendly contacts and lived in harmony for a long time in history," Huang said. "The forefathers of our two countries started to contact each other as early as 2,000 years ago, and there exists a long-standing traditional friendship between the two peoples with numerous episodes of friendship that remain on the lips of our two peoples even today."

"Our two countries have much in common," he said, "and both are faced with the task of maintaining world peace and building up our respective countries. We need to learn from each other, deepen understanding and promote friendly relations and cooperation."

Huang also pointed out that he is looking forward to sincere, frank and friendly discussions with Narashima Rao and other Indian leaders to explore together ways for further developing the relations between the two countries. "I hope that this visit will help to better our mutual understanding and further develop the relations between our two countries," he said.

Dr B.K. Basu, the president of All Indian Kotnis Memorial Committee and some leaders of India-China Friendship Association were also present to welcome Huang Hua.

Those present to welcome Huang at the airport were also Chinese Ambassador Shen Jian, and representatives of Overseas Chinese.

XINHUA VIEWS PAKISTAN DEFENSE SPENDING PLANS

OW260811 Beijing XINHUA in English 0732 GMT 26 Jun 81

[Text] Islamabad, 25 Jun (XINHUA)--Pakistan's next fiscal year budget includes a 16 percent increase in defense spending, Finance Minister Ghulan Ishaq Khan announced today.

Expenditures for the 1981-82 fiscal budget beginning in July total Rs 66,500 million. (Rs 10 equal one U.S. dollar.) The 1981-82 expenditures represent a 14.2 percent increase over last year's fiscal budget.

The finance minister said the new budget reflects problems facing Pakistan. Namely, those problems are "developments in Afghanistan which have not only led to a massive and growing influx of refugees but have added a major dimension to our security threat."

Allocations for development projects represent 44.5 percent of the 1981-82 fiscal year expenditures, and the remaining 55.5 percent are available for current expenditures.

Current expenditures of Rs 36,900 million--or 16.1 percent more than in 1980-81--have been contributed primarily by a 15.9 percent rise in defense, a 25.8 percent rise in social services and a 16.1 percent rise in debt servicing.

Defense spending totals Rs 17,712 million, social services total Rs 1,800 million, and debt servicing totals Rs 8,893 million.

Development expenditures for fiscal 1981-82 total Rs 29,600 million or 9.8 percent over the last fiscal year. More money is to be earmarked for power and water projects.

Total 1981-82 revenues total Rs 57,263.5 million as compared to Rs 53,882.5 million last year. Internal resources amount to Rs 43,057.3 million.

Under the new fiscal budget, tax revenues will rise by 12.5 percent. External aids total Rs 14,206.2 million.

The finance minister announced a deficit of Rs 9,273.5 million and said part of that deficit will be covered by bank borrowing.

NEPALESE KING COMMENTS ON RELATIONS WITH CHINA

OW241414 Beijing XINHUA in English 1224 GMT 24 Jun 81

[Text] Katamandu, 24 Jun (XINHUA)--King Birendra of Nepal said here today: "My government has consistently opposed imperialism, colonialism, and expansionism and has condemned the policy of apartheid and racism everywhere and in all forms and manifestations, and will continue to do so."

His majesty the king was addressing the 32nd session of the national panchayat this afternoon. Nepal, he said, will continue to pursue the foreign policy based on the principles of peaceful coexistance, non-alignment, mutual respect for each other, equality and cooperation with all countries of the world irrespective of their political system. He said: "My government shall play an active role in forging a viable framework for regional cooperation in different areas among the countries of South Asia." He reiterated the proposal that Nepal be declared a zone of peace and Nepal's "policy of strengthening the ties of friendship with our friendly neighbours, the Republic of India, and the People's Republic of China, on the basis of cooperation and mutual understanding."

Speaking of Sino-Nepal relations, he said: "The friendly visit to Nepal recently by his excellency Mr Zhao Ziyang, premier of the State Council of the People's Republic of China had led to further deepening of ties of freindship between our two countries."

He said, "It is disappointing to note that conflicts and tension in many part of the world still exist." "The recent development of events in the Middle East has further aggravated the situation there and it has aroused our concern," he noted. As regard to the Iraq-Iran war, he said: "My government has always been of the view that the Iraq-Iran conflict should be peacefully settled through negotiations."

Talking abour Nepal's internal problems, the king said: "We should march ahead in unison today towards solving the current economic problems confronting the common people in the country."

PRC-WEST EUROPEAN BUSINESS LEADERS SYMPOSIUM OPENS

PRC Economic Official's Talk

OW241424 Beijing XINHUA in English 1218 GMT 24 Jun 81

[Text] Beijing, 24 Jun (XINHUA)--China and Western Europe enjoy broad prospects for the expansion of economic cooperation, particularly in technical transformation and the improvement of management and efficiency in Chinese enterprises, a top Chinese economic official said at the opening of a China-Europe business leaders symposium yesterday. Xu Liangtu, a vice minister of the State Economic Commission, pointed out that the total value of trade between China and the nine member states of the European Economic Community rose from $4,800 million in 1979 to $4,910 million in 1980. He said that although China is undergoing economic readjustment, the country welcomes cooperation with foreign enterprises in major sectors of development such as energy exploitation and light industry.

Xu Liangtu said China has a considerable production capacity in the machine building and metallurgical industries, non-metal resources, refractory material and ceramics industries. He said China is ready to accept orders of various types from European businessmen for processing meterials or manufacturing goods. He said cooperative agreements could entail the production and export of machine tools, forging equipment, electric appliances and instruments, tools and spare parts, bearings, universal machines and high-grade refractory material for use in the metallurgical industry.

Xu Liangtu said that China's economic readjustment drive is a conscientious and all-round readjustment of its economic structure. It includes the readjustment of the proportions between agriculture, light industry, heavy industry and other sectors, and also involves readjustment within these sectors. Its aim is to create an economic structure with proper proportions and high productivity.

In the course of readjustment, the vice minister continued, development is expected in agriculture and light industry, energy, transport and communication, commerce and service trade, science and education and public health.

As well as ensuring China's stable economic development and giving full play to the socialist system, readjustment certainly will lay a more solid base for China's trade with foreign countries, the vice minister added.

Briefing on Joint Ventures

OW251345 Beijing XINHUA in English 1310 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Starting from this year, China will adopt the method of inviting public bidding for the prospection and exploitation of offshore oil, said Ji Chongwei, member of the state administration for foreign investment control and deputy secretary-general of the China Enterprise Management Association, at the China-Europe business leaders symposium now in session here today. Energy exploitation will claim top priority in using foreign investment, Ji Chongwei said. For the exploitation of coal, joint venture using Chinese and foreign investment, compensation trade and other forms may be employed.

He told the business leaders coming from eight European countries that China will for the first time include in its long-term economic development plan, which is being worked out, the utilization of foreign funds and the running of joint ventures. He predicted that the number of joint ventures to be established and the amount of foreign funds to be used between 1981 and 1985 will increase markedly over the past two years, especially in the fields of energy development and retooling of existing enterprises.

Opening to the outside world is a long-term strategic policy of China and the running of joint ventures in China, too, will be a historical task for a comparatively long period to come, he said.

In the environment of China where socialist ownership and planned economy are the dominant factors, the idea of running joint ventures is absolutely workable in harmony with the policies currently in force in China.

Ji Chongwei defined joint venture using Chinese and foreign investment as state capitalism in nature. Like the private sector of the economy, he said, it is permitted in China's present economy in which the socialist economic factors occupy the leading position. He said joint ventures are in an auxilliary position in China's economic structure and play an important supplementary role in the economic development. China does not worry that they will attain a certain level of development in a certain period of time to come. "Our policies are stable," he added.

Ji Chongwei said, while accepting the leadership of the state plan, joint ventures will be allowed to adjust their production to a certain extent according to the change of the market and adopt, where appropriate, the scientific methods of management and administration as practised in countries with market economy, trying as far as possible to overcome the shortcomings of China's state enterprises in management and administration but preserving China's fine traditions, systems and methods.

Ji Chongwei told European business leaders that China welcomes foreign investment in the following fields: 1) exploitation of energy resources such as petroleum, coal and electrical power; 2) building of harbors, telecommunication facilities, construction materials as well as the construction of infrastructure for cities and industrial centers; 3) production of goods not yet available or in short supply in China, or those which have not yet made the grade in technology and quality and have to be imported (such as machinery, electronic components and materials of high purity); 4) projects which can make use of China's existing factory buildings and equipment and which will raise quality and quantity of products and produce products for export after the existing factories undergo necessary technical reform; 5) projects which have acquired some imported equipment but have to be postponed for shortage of funds (such as petrochemical, chemical fertilizers and cement plants); 6) projects for large-scale production on a commercial basis in agriculture, animal husbandry, aquatic products breeding and forestry and for the processing of such products. With regard to projects for the technical transformation of existing enterprises, foreign investment and expertise can be used through cooperative production, compensation trade or leasing before conditions are ripe for establishing joint ventures.

Ji Chongwei reported that altogether 22 equity joint ventures have been established in China, with a total investment of $210 million; four projects for joint prospecting and exploitation of China's offshore oil have started, with a combined investment of $900 million; and the number of contractual joint ventures so far established has come to 360, with a total investment of $500 million.

Most of the joint ventures in operation have achieved good results over the past year and more, he said.

In order to simplify the procedures for examination and approval concerning the establishment of joint ventures, Ji Chongwei said, China is going to transfer gradually the authority of approving small and medium-sized joint ventures that do not affect the overall economic balance of the country to local governments and ministries of the central government, expecially to Guangdong and Fujian Provinces where special economic zones are being established.

PRC, FRG OFFICIALS ATTEND TRADE SHOW IN SHENYANG

OW251855 Beijing XINHUA in English 1843 GMT 25 Jun 81

[Text] Shenyang, 25 Jun (LINHUA)--An industrial and technological exhibition from the state of Baden-Wuerttemberg of the Federal Republic of Germany opened here today at the Liaoning industrial exhibition center. On display at the exhibition, the largest ever held abroad by Baden-Wuerttemberg, are 2,000 exhibits including machines, electrical equipment and technical manuals from 105 corporations and 20 publishing houses.

Speaking at the opening ceremony were Lothar Spaeth, minister-president of Baden-Wuerttemberg; Guenther Schoedel, ambassador of the Federal Republic of Germany to China; and Wang Jiyuan, vice-governor of Liaoning Province and vice-chairman of the Liaoning branch of the China Council for the Promotion of International Trade. All the speakers wished the exhibition success. Also attending the opening ceremony were Wang Yaoting, chairman of the China Council for the promotion of International Trade; Tan Liren, vice-governor of Liaoning; Tian Guang, vice-mayor of Shenyang; and Rudolf Eberle, minister of economy of Baden-Wuerttemberg.

Hu Yimin, vice-governor of Liaoning, and Minister-President Lothar Spaeth cut the ribbon for the exhibition.

HUANG ZHEN ATTENDS SPANISH ENVOY'S RECEPTION

OW241526 Beijing XINHUA in English 1514 GMT 24 Jun 81

[Text] Beijing 24 June (XINHUA)--Felipe de la Morena, Spanish ambassador to China, and Mrs de la Morena gave a reception at the embassy here today to mark the onomastic day of King Juan Carlos the first. Among the guests were Huang Zhen, minister in charge of the Commission for Cultural Relations With Foreign Countries, and leading members of departments of the government and the Chinese People's Liberation Army and the Beijing Municipal People's Government. Diplomatic envoys of various countries to China were also present.

AMITY DELEGATION LEAVES SPAIN FOR PORTUGAL

OW260803 Beijing XINHUA in English 0727 GMT 26 Jun 81

[Text] Madrid, 25 Jun (XINHUA)--A delegation of the Chinese People's Association for Friendship With Foreign Countries headed by its president Wang Bingnan left here for Lisbon today at the end of a visit to Spain. This was the first delegation sent by the association to Spain since the establishment of diplomatic relations between the two countries eight years ago.

During the five-day visit, the Chinese group had talks with the Spain-China Friendship Association. The two sides expressed satisfaction at the progress made in the promotion of friendship between the two peoples in the past years. They also discussed prospects for the development of these relations. The Chinese visitors were received by Secretary of State for Foreign Affairs Robles Piquer and other Spanish friends. They visited Madrid, Toledo, Segovia and Aranjuez and met with the mayors of the four cities.

CCP ACTIVISTS' GROUP LEAVES FOR ROMANIA VISIT

OW250809 Beijing XINHUA in English 0748 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--A 12-member delegation of Chinese Communist Party activists left here by air today for a friendship visit to Romania.

Leader of the delegation is Yan Kelun, secretary of the Shaanxi provincial party committee, and deputy leader is Lin Weiran, deputy secretary of the Ningxia Hui autonomous regional party committee.

ROMANIA'S SHIFT TO INTENSIVE DEVELOPMENT NOTED

OW260807 Beijing XINHUA in English 0737 GMT 26 Jun 81

[Text] Bucharest, 25 Jun (XINHUA)--Romanian President and General Secretary of the Communist Party Nicolae Ceausescu stressed that an intensive approach instead of extensive development will be adopted in the country's next five-year plan.

In his report on economic and social development in the period of the 1981-85 national plan delivered yesterday at the Second National Congress of the National Working People's Council, Ceausescu made it clear that the shifting of approach aims at raising the quality of production and life. This is the "general characteristic" of the next five-year plan, he said.

As established at the 12th party congress in 1979 and also written into the party constitution, the strategic goal of the country is to attain the level of a semi-developed country by 1985. In order to realize this, the president said, some instructions issued at the 12th party congress were adjusted when making the present five-year plan.

The new approach, he explained, will direct the contracted investment to projects already on the way and to increasing the capacity of existing enterprises.

Detailing what he outlined, Ceausescu used figures to show the proposed slowdown of development. He said social products, national income and the total investment value for the following five years will be set at an annual increase of 6.1, 7.1 and five percent respectively. The pace of total industrial and agricultural output values will be set at seven and 4.5 to five percent respectively.

He predicted an eight percent rise in the prices of consumer goods. But he said the actual income of the people will be raised by 16 percent. The country's accumulation rate will be reduced to 30 percent from the previous 33 percent, he said.

Stressing the importance of market and demand, he calls for attention to the law of value and other economic laws including the general trend of the world economic situation. From now on, he said, the assignment of leaders to various ministries and government-run enterprises must be approved by the executive board of the National Working People's Council and workers' organizations of respective enterprises.

Finally, he stressed the need for a peaceful, secure and cooperative international environment if the country is to fulfil its economic plan. He said that the right of the people of any country to develop freely must be respected.

TAN ZHENLIN MEETS SUDANESE TRADE UNION GROUP

OW260830 Beijing XINHUA in English 0756 GMT 26 Jun 81

[Text] Beijing, 26 Jun (XINHUA)--Tan Zhenlin, vice-chairman of the Standing Committee of the National People's Congress, met here today with a visiting delegation from the Sudanese Federation of Trade Unions led by Sideeg Ahmed Shamoon, vice-president of the federation. Sources said they had a cordial conversation.

KANG KEQING MEETS RWANDAN WOMEN'S DELEGATION

OW231652 Beijing XINHUA in English 1610 GMT 23 Jun 81

[Text] Beijing, 23 Jun (XINHUA)--Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation, had a cordial conversation with a women's delegation from Rwanda here this afternoon.

Led by Mme Habimana Nyirasafali Gaudence, member of the Central Committee of the National Revolutionary Movement for Development and director of the office for the population of the country, the delegation was honored at a banquet given by Vice-Chairman Kang Keqing after the meeting. Guo Liwen, member of the Secretariat of the All-China Women's Federation, and Sylvestre Kamali, Rwanda's Ambassador to China, and Mme Kamali also were present.

'AZANIA' OFFICIAL CONDEMNS USSR-SOUTH AFRICA TRADE

OW171719 Beijing XINHUA in English 1639 GMT 17 Jun 81

[Text] Nairobi, 17 Jun (XINHUA)--The Foreign Relations Director of the Pan Africanist Congress of Azania Henry Isaacs has accused the Soviet Union of trading with the racist regime of South Africa. Addressing a press conference here yesterday, the director denounced the Soviet Union for its diamond imports from South Africa, saying that "the Soviet Union's trade links with South Africa, particularly diamond trade, have never been adequately exposed." He criticized the Soviet Union for exacerbating the existing differences between the liberation movements in terms of sectarianism.

According to an AP report early this month from Johannesburg, guns manufactured in Soviet bloc countries are easy to buy in South Africa. A recent British television documentary also revealed that the Soviets are cooperating with South Africa to keep up the price of gold.

Henry Isaacs also condemned certain Western countries for political and military support to the Pretoria regime, which has enabled it to survive and to pursue its apartheid policies. He said that the Western nations were hypocritically condemning apartheid on moral grounds while shoring it up militarily and economically. He accused these nations of offering South Africa political and siplomatic protection, especially at the UN when the question of mandatory economic sanctions was raised.

LI XIANNIAN MEETS WITH MEXICAN PARTY DELEGATION

OW251259 Beijing XINHUA in English 1250 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Li Xiannian, vice-chairman of the Central Committee of the Chinese Communist Party, today told a delegation from the Mexican revolutionary constitutional party [as received] that the two parties should strengthen their contacts and promote their mutual understanding.

The delegation is led by Professor Jose Luis Andrade Ibarra, member of the national executive committee and secretary for international affairs of the party.

During their conversation, Li Xiannian said although both the Chinese Communist Party and the Mexican revolutionary constitutional party have a long history, their relationship is new.

Li Xiannian thanked the Mexican party for sending such an important delegation to China.

"The talks between the two have shown the two parties have many common points of view on international issues. Both have the desire to further develop relations. The delegation's visit has contributed to understanding and friendship between them," Li Xiannian said.

The vice-chairman said relations and cooperation between the parties and countries would develop further on the present basis.

Ibarra said, "The Mexican revolutionary constitutional party believes all countries and parties throughout the world should have independence and liberty," he said.

Ibarra congratulated all party members on the forthcoming 60th anniversary of the Chinese Communist Party.

They conveyed the mutual greetings of the leaders of their parties.

Also present was Zhang Zhixiang, deputy head of the International Liaison Department of the Communist Party of China.

The delegation will soon leave for Shanghai, Hangzhou and Guangzhou before going home.

BRIEFS

COLOMBIA FILM FESTIVAL--Bogota, 11 Jun (XINHUA)--Anselmo Vasconcello and Maria Rojo were awarded as the best actor and actress at the 21st Cartagena international film festival which ended in Cartagena, Colombia, yesterday. Mexican feature film "Maria in my Heart" was selected the best film and won "the Indian Catalina de Oro" prize. China participated in the festival for the first time with its films "Uproar in Heaven" and "Sino-Japanese War of 1894." [Beijing XINHUA in English 1246 GMT 12 Jun 81 OW]

WAN LI, GU MU DISCUSS URBAN CONSTRUCTION WORK

OW251417 Beijing XINHUA Domestic Service in Chinese 0752 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--Comrade Wan Li pointed out: For many years we have been doing rather inadequate work for the well-being of people in urban areas, and there has been an imbalance between the "bone" and the "flesh" [between industry on the one hand and housing construction, transportation, urban construction and commercial services on the other]. Therefore, in the current economic readjustment we should not relax our efforts in urban construction, but should do our best to strengthen this work.

When receiving representatives to the national forum of directors of urban construction bureaus on the morning of 23 June, Comrades Wan Li and Gu Mu analyzed the present urban construction situation and offered suggestions for improvement.

Wan Li said to the representatives: To strengthen urban construction work, we should not only enhance people's understanding of its importance but should also make necessary arrangements organizationally. All provinces, municipalities and autonomous regions are requested to strengthen their leadership over urban construction work. Cities under provincial jurisdiction and above that level may consider the establishment of urban construction committees to take full charge of work, from planning and investment to construction and management. There should also be arrangements for the overall management of the work of urban construction in small and medium-sized cities and in towns. In small towns proper arrangements should be made for primary processing of farm produce and sideline products to cope with the diversification of the economy in nearby villages. In the meantime, we should see to it that funds appropriated for urban maintenance and construction as stipulated by the state, including the 5 percent from the profits of industry and commerce in big and medium-sized cities, are truly used for urban construction. That is, the funds should be used as designated; by no means should they be expended for other purposes.

Wan Li pointed out the necessity to sum up experience and draw lessons from past urban construction work, to pay attention to a scientific work style and to avoid acting foolishly. He stressed the need to improve urban housing and public utilities and to beautify the environment. He added: In urban construction we should consider the situation of our country, try to accomplish what is possible and practice strict economy. However, we should try, so far as possible, to make our cities beautiful and let our people live comfortable lives. In no way should we praise poverty or filthiness.

Speaking to the representatives, Gu Mu pointed out: The party Central Committee and the State Council attach importance to urban construction and have formulated a clear-cut policy for this work. The question is how to carry out this policy. Many things have to be done in the construction of urban facilities. We should do a few at a time as permitted by the availability of state funds and materials. He also talked on the questions of preserving places of historical and cultural interests and areas of scenic beauty and developing the traditional architectural arts of our nation. He urged the leading comrades of all departments concerned to pay attention to urban construction in our country and to work in concert to make this task a real success.

The national forum of directors of urban construction bureaus opened on 18 June under the sponsorship of the general administration for municipal construction. Main items on the agenda are discussions on urban construction and on how to do well at planning, constructing and managing urban areas.

RENMIN RIBAO: YANAN MEMORIAL CENTER TO REOPEN

OW251257 Beijing XINHUA in English 1246 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--The revolutionary memorial center in Yanan, Shaanxi Province, will open for the first time in several years on July 1, according to a PEOPLE'S DAILY report today. Yanan was where the Red Army settled after making the famous Long March in 1934-35. It became the seat of the headquarters of the Chinese Communist Party during the late 1930s and the large part of the 1940s.

On the eve of the party's 60th birthday, the center has been renovated and expanded. The exhibits reflect the exploits of Mao Zedong and many other revolutionaries of the older generation. It now includes 2,146 photographs, documents, books, pieces of furniture, personal effects and weapons of 300 party leaders, including Mao Zedong, Zhu De, Zhou Enlai, Liu Shaoqi, Ren Bishi, Chen Yun, Peng Dehuai and Deng Xiaoping, as well as those of various combat and militia heroes and model workers.

Coinciding with the center's opening, the former cave residences of Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De and others will also open along with the site of the seventh party congress, all in Yanan.

RENMIN RIBAO COMMENTATOR ON SCIENTISTS, CONSTRUCTION

HK250727 Beijing RENMIN RIBAO in Chinese 20 Jun 81 p 5

[Commentator's article: "Organize Scientists and Technicians To Serve Economic Construction"]

[Text] In recent years, thanks to the efforts of many scientific research organs and personnel, there has been a great increase in the recycling rate of rare metals of the Jinchuan mineral intergrowth such as nickel and cobalt; and success has been achieved in the separation of elements in rare earths of the Baotou mineral intergrowth, while the grade of concentrates has soared. This has created a lot of wealth for the state. These facts have again demonstrated the power of science and technology in stimulating economic and social development, and also show that so long as we organize the enthusiasm of scientists and technicians to serve the economy, the effectiveness of economic construction will be greatly enhanced.

There are very many difficult problems that need solving in our country's industrial and agricultural production. Many products cannot be replaced by new ones, their production costs and input consumption are high, output and quality are low, they lack competitive ability and are also unable to meet the needs of the people's life, while many rich resources cannot be fully used. This is saddening and depressing. He cannot do without relying on the forces of science and technology to change this situation. There are many aspects of science and technology, and many difficult problems in economic construction have to be solved by coordinating various branches of science. This gives rise to a question of strengthening and improving organizational leadership. The State Scientific and Technological Commission organized the forces of many branches of science in order to score success in research on the Jinchuan and Baotou mineral intergrowths, thus accumulating experience for solving difficult technical problems in economic construction and promoting the development of industrial and agricultural production, and also providing ample scope for scientists and technicians to display their talents.

We already have a completely trustworthy and reliable force of scientists and technicians. They earnestly desire to make more contributions to the party and people and have long been unhappy over the systems of "ownership by departments" and "ownership by units" which have bound them hand and foot. Many scientists and technicians say that now on the one hand the workers need scientific and technical knowledge, while the peasants want science to advance into the countryside, and on the other there are many people working quietly and unknown in certain units which are stuffed with talent. On the one hand the science and technology workers, especially the middle-aged and young ones, urgently demand to do something while they are full of energy, and on the other hand there are all sorts of barriers, they are always being impeded, and are unable to make full use of their talents. In the face of this situation, the party and state are gradually carrying out readjustment and reform so as to bring the enthusiasm of the scientists and technicians into fuller play. However the leading comrades of certain scientific and technological departments are just waiting for the reform of our country's economic and scientific research systems and think very little if at all about what work they could be doing right now.

Centering on the coordinated effort to succeed in the Jinchuan mineral intergrowth and the separation of elements in the Baotou mineral intergrowth, we should make these comrades think about this: We cannot wait until after the reforms are carried out before bringing into play the enthusiasm of the scientists and technicians; we must actively think of ways to promote reform, in order to mobilize their enthusiasm. One way is to advocate that scientists and technicians display the spirit of being masters of the house and plunge into the reality of production to find things to do and take the initiative in grabbing work; and another practical way is to have the leaders of science and technology departments grasp the difficult technical problems in the national economy and organize the scientists and technicians concerned to attack them one by one in a coordinated way. The State Scientific and Technological Commission and the Chinese Science and Technology Association have done a lot in this respect in the past 2 years and scored good results. All areas and departments can also proceed from their own acutal conditions and do a good job in this organizational work. As far as the leaders are concerned, by carrying out this organizational work they can probe and gradually accumulate experience in reforming the systems; and as far as the scientists and technicians are concerned, they can broaden their vision and increase their talent and ability. This would really be a good way of accomplishing many things at one stroke.

In order to organize work well in this respect, the leading departments at all levels need to do some investigation and study, to get to know the talent resources in their areas and departments and the specialities of the scientists and technicians there, and also to find out the material resources in their areas and departments and to ascertain what technical problems need solving. It is not difficult to do this. The key lies in whether one has a good mental outlook and can fully trust and rely on the scientists and technicians.

XINHUA INTERVIEWS LEADING PHYSICIST ZHANG WENYU

OW251241 Beijing XINHUA in English 1231 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--"One-third of my life was spent abroad, one-third in old China and one-third in the new society. I think I have a right to say that the Chinese Communist Party has made China strong," said high energy physicist Zhang Wenyu, 71, in an interview with XINHUA on the eve of the party's 60th anniversary. He is one of the nine senior scientists who joined the party after the overthrow of the gang of four in 1976.

Humiliated and attacked in the Cultural Revolution, he is today director of the Institute of High Energy Physics and among those in charge of organizing the nation's research in this field of science. "The communists' devotion to building the country struck me when I returned from the U.S. in 1956. I applied for party membership in 1965, and applied again after the fall of the gang when I felt I was reunited with the party I have faith in," he said.

In the late 1940's, Zhang Wenyu studied the correlation between the subatomic particles, the muon and the nucleon and discovered the existence of the mu-mesonic atom. Between 1943 and 1956, he worked in the U.S.

Commenting on new China's advances in physics, he paid tribute to Chinese physicists' 1965 proposal of a "straton model" on the structure of basic particles and the 1972 discovery of a heavy particle, whose mass is over ten times that of a proton, at the Yunnan cosmic ray observation station. "Old China, like loose sand, disunited, could never do it," he said.

The veteran physicist was very glad that Beijing University this year will have 128 graduates majoring in physics. In 1931, the year he graduated, there were only five. His High Energy Institute now has a research staff of 438. "The future is promising," he remarked.

Coming from a poor peasant family in Fujian Province, Zhang Wenyu finished his university education on a work-study program. Each summer he would pawn his cotton-padded clothes and work as coolie to go on with his studies. He graduated from Yen Ching University in 1931 and in 1934 went to do research at Cavendish Laboratory, Cambridge, England. He returned to China in 1938 and then went to the United States in 1943 to teach high energy physics at Princeton University. Together with his wife Wang Chengshu, a nuclear physicist, he returned to China in 1956.

ACADEMY CHIEF ON NEW CCP-SCIENTIST RELATIONS

OW260737 Beijing XINHUA in English 0717 GMT 26 Jun 81

[Text] Beijing, 26 Jun (XINHUA)--"The Chinese Communist Party has decided to put scientists, instead of party administrators, in charge of science. This transformation itself shows the present attitude of the party towards science and the trust placed in scientists," said Lu Jiaxi, newly elected president of the Chinese Academy of Sciences, on the eve of the 60th anniversary of the founding of the Chinese Communist Party.

Lu Jiaxi, 66, born in Taiwan, joined the party in 1956 when he was a professor of Chemistry at Xiamen University. He has made outstanding contributions to structural studies of the active center of nitrogenase.

"Now, the role of the Chinese scientists is more fully appreciated," Professor Lu said. "The modernization of science and technology cannot be attained without relying on them."

The fact that the academy's Scientific Council has been transformed from an advisory to a decision-making body marks a major change, he noted. "Another factor," he added, "is that Chinese scientists are now doing their utmost to work towards the goal of modernization."

The president has toured the United States, West Germany and some other industrialized nations in the last few years. "China is most backward, as I understand, in management," he said, "to do a good job of management, it is necessary to know some dialectics."

President Lu Jiaxi is full of confidence. "I believe that under the leadership of the party armed with dialectics will certainly be able to advance science in China."

"Though I have had no experience in leading a science academy, I will do everything possible to promote science in China."

As the academy's president, Professor Lu plans to implement the party's hundred flower policy in scientific work and practise democracy. He said that all scientists, working in industry, national defence, institutions of higher learning, provincial research institutes and the academy's institutes, should unite in research efforts.

XUE MUQIAO SPEAKS ON REFORM, READJUSTMENT

HK200840 Shanghai SHIJIE JINGJI DAOBAO in Chinese No 35, 1 Jun 81 pp 6-8

[Article by Xue Muqiao [5641 2550 2890]: "The Current Situation and Reform in China's Economic Readjustment--Speech At the First Sino-Japanese Meeting for the Exchange of Economic Knowledge"--capitalized passages published in boldface]

[Text] I have come to Japan this beautiful early summer day to meet the celebrities in the economic circles and the economists in our good neighbouring country. I feel greatly honored to be able to inform you about China's current economic situation.

It has been 31 years since the founding of new China. During these 31 years, our economic development has generally been quite satisfactory. However, because the guiding principles have sometimes been erroneous, setbacks have occurred on several occasions, so that the people's livelihood has not been improved substantially. We are now still suffering from economic difficulties and must adopt new methods to tackle them. Starting from 1979, we have been rectifying the errors, which had persisted for many years, in our economic guiding principles. Our economic work is now at a new turning point. Of course, our economic change cannot be accomplished easily and new difficulties will inevitably occur in the course of change. We believe that these new difficulties may be gradually overcome in 3 to 5 years' time. It is anticipated that toward the end of the 1980's, we will be able to break away from the state of economic passiveness resulting from years of errors and embark on a healthy road of development.

To clearly explain the current economic situation, we must briefly review the roads we have taken in the past. During the first 3 years after the founding of new China, our task was to restore to health the national economy which had been seriously disrupted by 12 years of war. By 1952, this task had been exceeded. During those 3 years, the average annual growth in industrial production and agricultural production exceeded 30 percent and 10 percent respectively. Of course, these rates were characteristic of a period of recovery and could not be maintained for many years. From 1953 to 1957, we implemented the first 5-year plan, the average annual growth in industrial production and agricultural production reached 18 percent and 4.5 percent respectively, and the people's livelihood improved steadily. Many of our Japanese friends know this very well. Unfortunately, because production developed very smoothly during those 8 years and we successfully accomplished the socialist transformation of the system of ownership of the means of production ahead of time, we began to get carried away and unrealistically hoped to alter the situation of China's economic backwardness in a few years' time. Consequently, we had to suffer grave setbacks.

During the 3 years of the "Great Leap Forward" between 1958 and 1960, heavy industry grew by 230 percent, light industry grew by merely 47 percent, but agricultural production declined by 23 percent. This situation, coupled with colossal waste and disproportion in the national economy, led to deterioration in the people's livelihood. After 5 years of readjustment, which extended from 1961 to 1965, the national economy was restored to normal and the economic situation took a favorable turn. However, in 1966 the well-known "Great Cultural Revolution" occurred. In 1967 and 1968, industrial production abruptly declined. During the 3 years between 1967 and 1969, agricultural production fluctuated around the original 1967 level. In 1970, when the economic situation took a favorable turn, we again began to implement guiding principles characterized by impatience for success. Our accumulation funds often amounted to over 30 percent of our national income. These funds were mainly used to develop heavy industry, so that the shortage in market supply became increasingly serious. Moreover, in many factories, work was disrupted or output was reduced because of political disturbances. Thus, by 1976, the national economy was on the brink of collapse.

After the smashing of the "gang of four" in October 1976, we began to rectify our national economy and enterprise management, and achieved some success. However, we did not adequately understand the difficulties brought about by the decade of catastrophe, and in particular, we did not adequately recognize the harmful effects of the erroneous policies which had been practiced over many years and which embodied impatience for success. Moreover, our comprehension of our national conditions, such as the large population, the weak economic foundation and the low living standard of the people, was quite poor. Therefore, we still wanted to go all out. In 1977, and in particular in 1978, we again set unrealistically high targets. We required our output of steel to reach 60 million tons in 1985 (whereas the output in 1978 merely slightly exceeded 30 million tons). Therefore, we hurriedly imported complete sets of equipment from abroad, while the number of domestic large-scale and medium-scale construction projects increased to over 1,000.

The capital construction expenditure in our state's finance increased from 30 billion yuan in 1977 to 45 billion yuan in 1978, greatly surpassing the capabilities of our financial and material resources. The proportion of accumulation in the national income reached 36.5 percent, approaching the record figure for the "3 years of the Great Leap Forward" (39.3 percent). The disproportion in the national economy became more apparent.

Because the lessons of the experiences of the "Great Leap Forward" were available, we were able to recognize the problem rather quickly. Early in 1979, we put forward the policy of readjustment and planned to slash capital construction investment from the originally set target of 45 billion yuan to 36 billion yuan. However, because production developed very rapidly at that time (in 1978, industrial output and agricultural output grew by 13.5 percent and 9 percent respectively), people did not fully recognize the necessity for readjustment nor did they vigorously implement the policy of reducing the scale of capital construction, so that actual investments (including extrabudgetary investments) increased from 48 billion yuan in 1978 to 50 billion yuan in 1979. In addition, we raised the workers' wages and the state purchase price of agricultural products so that we exceeded the limits of our original plans. That year, a fiscal deficit of 17 billion yuan appeared. Because of this, we also issued a larger quantity of money. Therefore, compared with the level at the end of 1978, commodity prices at the end of 1979 had risen 5.8 percent, an increase seldom experienced before in our country.

In 1980, we planned to reduce the budgetary capital construction investments to 24 billion yuan, a decrease of 1/3 compared with the previous year. It turned out that budgetary investments slightly decreased but the capital funds raised by the enterprises themselves, the bank loans they borrowed and their use of foreign capital funds drastically increased, so that actual investments were nearly 4 billion yuan more than the previous year. Over the past 2 years, the annual growth in social purchasing power has been more than 100 percent larger than the growth in 1978, or more than 200 percent larger than the average growth in the period 1970 to 1977. The people's livelihood has imporved a bit faster. Therefore, in 1980, the fiscal deficits still reached 12 billion yuan and average commodity prices rose by 6 percent during the year, a rise which can be broken down into an 8.1 percent increase for municipal areas and a 4.4 percent increase for rural areas. Although the growth in the workers' and peasants' money income has markedly exceeded the increase in commodity prices, the people fear further rises in commodity prices and worry about the effects of the fiscal deficits incurred over the past 2 years. Therefore, the state has incorporated in its plans for 1981 various measures to eliminiate fiscal deficits as far as possible, to control the issue of currency and to stabilize market prices.

This year we not only must keep budgetary investments but must also keep extra budgetary investments, funds raised by the enterprises and bank loans under strict control. We have planned to reduce the total investments, including budgetary investments and extra-budgetary investments, from the originally set target of 55 billion yuan to 30 billion yuan. Because of this, we cannot but put off a number of large-scale construction projects involving the import of foreign equipment. We have been holding consultations with a number of foreign firms on this question, and modifications have been made in the pace of certain projects. Two different views ahve so far been reflected on this question. Many far-sighted economists and noted figures in economic circles think that China is wise in rectifying the past mistake of going after quantity and the grandiose and in retruning to the road of working within one's capabilities, and that there will be no end of trouble if it does not back down from the original plan. However, there are also some industrialists who feel puzzled as to why China should seek to modify some of the contracts that have already been signed, and beg us to think it over more carefully. We admit that we have made the mistake of signing so many contracts without careful consideration,but it is after more than 1 year of repeated deliberations that we are going ahead with talks concerning their modification. If we put off making this decision for fear of affecting our international prestige, we might incur even greater losses.

Since he proposed discontinuing or putting off certain construction projects, the Japanese Government and many Japanese friends have expressed good intentions in their talks. They hope that we can fully make use of favorable terms of international cooperation. They are willing to consider putting off certain projects to reduce losses, and to offer cooperation, such as supplying funds, for this purpose. China and Japan are now discussing what methods and measures they can adopt to discontinue fewer projects, so that the situation will be conducive to the development of trade and economic cooperation between the two countries and to the promotion of a friendly relationship between the Chinese and Japanese people. Of course, if there are difficulties in this area and the discontinuing or putting off of projects is unavoidable, we will at most have to store a larger stock of equipment. We have always upheld the principle of honoring contracts and keeping our word. We will not change this attitude even under straitened circumstances. After a period of mutual contacts, understanding and consultations between the Chinese and Japanese sides, all the contracts have basically been carried out with some modifications in pace. There has been some irresponsible talk outside saying that we have unilaterally scrapped the contracts. This is completely at variance with the facts.

Of course, some foreign friends may raise various kinds of questions about our economic readjustment because they are completely ignorant of China's situation. In the seminar on the world economy convened in Hangzhou 2 months ago, the speeches delivered by many Western economists were enhanced by understanding of Western countries' economic difficulties. Some of them were also studying readjusting their economic structures. The Western countries' economic difficulties differ vastly from ours. Their problem is that contraction of demand (including investment) and overproduction have led to economic recession. In the 1930's, Keynes proposed using deficit budgets and inflationary methods to stimulate investment and market sales. The economic crisis of 1929-1933 was thus put to an end. Keynesian theory has played a definite role in alleviating crises, but has now led the Western countries into the predicament of stagflation. From time to time they are afflicted by economic recession, or inflation, or even both at the same time. Therefore, many economists have proposed abandoning Keynesian theory and readjusting the current economic structures radically.

In view of their own national experiences, some economists of the Western countries have been puzzled by our country's great determination to eliminate fiscal deficits, curb inflation and stabilize market prices. A West German economist told me that according to their experiences, a small budgetary deficit together with a mild inflation or increase in commodity prices bring about more good than harm to the development of production, and that because price rises in China have not attained a double digit percentage figure, there is no cause for alarm. They do not know that our economic problem is opposite to that of the Western countries. Our problem is expansion of demand (particularly capital construction investment) with the supply of products falling short of demand, instead of contraction of demand or overproduction. To solve our problem, we must adopt restrictive policies and stabilize market prices. To this end, we must balance our fiscal revenue and expenditure, and in particular, we must reduce investments in economic construction. Capital construction investment has often occupied around 40 percent of our country's financial expenditure, and even exceeded 50 percent during the "Great Leap Forward." If we do not curtail investment in economic construction, we will be unable to balance our fiscal revenue and expenditure, and consequently, we will be unable to curb inflation or stabilize the market and prices. If prices continue to rise, the people may no longer deposit their money in the banks but may conversely withdraw their money from the banks and rush to buy various commodities, so that the shortage in market supply will be aggravated. Then, the banks will be forced to issue a larger quantity of money, commodity prices will consequently continue to rise, and a vicious circle of inflation and rising commodity prices will appear. Such a situation appeared in our country in the early 1960's. Although the state strived to use the methods of fixed supply and financial subsidies to control the prices of some daily commodities supplied according to planning, the prices in peasants' country fair trade were some 500 to 600 percent higher than the planned prices.

At that time, the state resolved to cut capital construction investment to 6.8 billion yuan in 1962, down from 38.4 billion yuan in 1960. The state also withdrew some 5 billion yuan in currency from circulation in the market by selling several high-priced commodities. Commodity prices were thus stabilized. Our current inflation is nowhere near as serious as in the early 1960's. The people's savings in the banks are still increasing. Because of the increase in agricultural output, prices prevailing in country fair trade have been stable. However, if large financial deficits occur for several consecutive years, there will still be a danger of galloping inflation. We must maintain sharp vigilance against this danger.

Last year, at a seminar in Hong Kong, a Japanese friend told me he heard that China was going to lower the accumulation rate to 25 percent of the national income, and asked me whether this was necessary. The investment rate was above 30 percent in Japan, whose economy grew rather quickly. I replied that the accumulation rate should depend on the level of development in production. Our country's current per capita national income was still below $250, so that an accumulation rate of 25 percent was very high already. This rate was in fact higher than in the developed capitalist countries, such as the United States and the West European countries. I heard that in the earlier half of the 1950's, the investment rate in Japan was below 20 percent. It rose to around 25 percent in the latter half of the 1950's and soared to over 30 percent in the 1960's. When our country's economy embarks on a path of rapid development in the latter half of the 1980's, our accumulation rate may also gradually rise. If our per capita national income reaches $1,000, an accumulation rate of 30 percent will probably be very safe. Even now, in Shanghai, the per capita national income has exceeded $1,500 and the accumulation rate has exceeded 30 percent. This shows that the accumulation rate is variable.

At the seminar on the world economy, convened in Hangzhou this year, an American friend told me that because the supply of our products falls short of demand, we should increase our investments, and asked me how we can overcome the problem of shortage in supply by curtailing investments. To answer this question, we must proceed from China's realities. When new China was newly founded, around 90 percent of our country's population were peasants, and the livelihood of most peasants was still very miserable. In our planning for economic construction, we had to develop industry and light industry in the first place, and then gradually develop heavy industry on this basis. However, since the first 5-year plan period, to rapidly alter our situation of eocnomic backwardness, we have consistently adopted the policy of giving priority to developing heavy industry, and a large proportion of capital construction investment funds were used to develop heavy industry. The funds were chiefly siphoned from the agricultural and light industrial sectors. Therefore, this hindered agricultural and light industrial development, so that the shortage in the market supply of consumer goods became increasingly serious. One might think that when heavy industry developed very quickly, the means of production would be in plentiful supply. Actually, this was not the case. The demand for the means of production differs from the demand for consumer goods. The latter is relatively stable because it depends on the population size and the people's living standard, but the former depends on the scale of economic construction. Over many years, we disregarded objective possiblity and obstinately wanted to accelerate the growth of heavy industrial production. Consequently, we had to blindly expand the scale of economic construction. Such expansion led to a greater demand for machinery, equipment, steel and other means of production, so that the shortage in supply relative to demand became increasingly more acute.

In the 1970's, this contradiction became increasingly conspicuous year after year. Because the scale of construction kept on expanding, the shortage in the supply of the means of production was continually aggravated. Old factories could not get the things they needed to carry out production, because the building of new factories had to be ensured. Light industry could not secure the things necessary for production, because heavy industrial production had to be ensured.

Many factories were not adequately supplied with coal, oil, electricity or other energy resources. They were unable to replace their worn-out machinery. Even the means of production needed for economic construction itself were often in short supply. Work was frequently held up for lack of material. Factories scheduled to be completed in 5 years remained unfinished projects after 10 years of construction. In these circumstances, the economic results of production and construction kept on deteriorating and difficulties kept on increasing. Of course, it was impossible to care about improving the people's livelihood. To extricate ourselves from this predicament, the only way out was to radically change over from the principles of construction which were followed for more than 20 years and marked by impatience for success, resolutely reduce the scale of economic construction according to our country's capabilities with a corresponding reduction of the rate of growth in heavy industry, and ensure the rapid development of agriculture and light industry.

For 3 consecutive years since 1979, we have cut down investments in economic construction and have taken the initiative to slow down the rate of growth in heavy industry. In 1977 and 1978, industrial output grew by around 14 percent and many products which were incompatible with social needs were kept in stock for a long time. In 1979, the planned industrial growth was 8 percent, and it turned out that the actual growth was 8.5 percent, with heavy industry achieving a 7.7 percent growth and light industry registering a higher growth rate of 9.6 percent. The agricultural growth rate was also high, climbing to 8.6 percent. In 1980, the planned industrial growth rate was 6 percent, the actual growth was 8.7 percent, with heavy industry attaining a growth rate of merely 1.4 percent and light industry enjoying a much higher growth rate of 18.4 percent. Agriculture also managed to grow by 2.7 percent though it had been affected by grave natural disasters. Because we have set lower planned targets and let the enterprises overfulfill them in practice, they have not been forced to produce those products not needed by society, and economic results have consequently been markedly better than in the few previous years. In the past 2 years, the people's purchasing power has increased rapidly, the tension in market supply has begun to ease and the people's living standards have markedly improved. Our readjustment has begun to produce an effect.

With our reduction of the scale of economic construction, the pattern of demand for and supply of various commodities has begun to change. In the past, the supply of machinery products persistently fell short of demand, but now supply has surpassed demand. In the past, many old factories wanted to replace or renew their machinery or equipment, but no one was willing to undertake such work. Now many machine building factories take the initiative to seek orders for such work. Striving to promote sales, the enterprises must improve their product quality and attempt to produce new products needed by the market. With the reduction in the scale of the machine building industry, we are not experiencing the same shortage in the supply of steel products as before. In the past, because the supply of steel products could not keep pace with demand, all manufactured steel products could readily be sold whether they were suited to the consumers' needs or not. Now many iron and steel works fear the overstocking of their products and they strive to make their own products marketable. By restricting the development of certain branches of heavy industry, we can also economize on energy resources and use them to satisfy the needs of light industry. In the past, many factories in the sector of light industry had to face power cuts of up to 2 or 3 days a week. Now a continuous supply can basically be ensured. Because we are transforming our economic structure in a planned way and quickening the development of agriculture and light industry, we have begun to put an end to the practice of production for production's sake, a practice divorced from the people's everyday needs. Of course, this change has just begun, but things will get better and better. What has taken place in the past 2 years proves that our policy of economic readjustment is completely correct.

Does our Sino-Japanese economic cooperation become hopeless because China is carrying out economic readjustment? Obviously not. In the first place, we do not have an adequate supply of energy resources.

Because we overemphasized the growth in the current output of coal and oil a few years back, we neglected the work of exploration, tunnelling and opening up, so that such work was disproportionate to the extraction of energy resources. For several years to come, to rectify such disproportion, we shall not be able to substantially increase our output of energy resources, and we must ensure the development of production by economizing on energy resources. Our potentials in this respect are tremendous. Our friends all know that our country has abundant reserves of coal, but the opening up of such reserves requires a great deal of funds, machinery, equipment and time. Our oil reserves may also be abundant, but they have not yet been thoroughly explored. In opening up energy resources, we welcome the cooperation of friendly countries. If our output of coal or oil can be drastically increased after, say, 10 years, we would not only be able to satisfy our own needs, but would be able to export larger quantities of them to friendly nations. At present, our railroads and port facilities are still very backward. Even if we mine a larger quantity of coal, we are unable to transport it. We earnestly hope to cooperate with friendly countries in this respect. This is quite essential to both domestic transportation and import and export trade.

Our current national conditions differ vastly from the conditions prevailing when new China was newly founded. At that time, the value of the fixed assets of our state-owned and privately-owned enterprises stood at only 24 billion yuan. Over the past 30 years, our fixed assets have increased to nearly 500 billion yuan in value. We now have more than 300,000 factories, an overwhelming majority of which have been built over the past 30 years. Because in the past we attached importance to building new factories alone at the expense of innovating and transforming old factories, the machinery and equipment of most of our factories is very old and obsolete, and we must make an effort to innovate and transform it. If we import technology and equipment from abroad on a small scale and improve our management, we will be able to raise our product quality substantially and increase our output by multiples. In this context, the majority of joint ventures or projects will be medium-scale or small-scale ones, but thousands of them together will constitute a substantial amount of investment.

In our country, funds are scarce, the labor force is abundant and technology is rather backward. To cope with this situation, we should devote more efforts to building labor-intensive industries, make use of our cheap labor force to develop the assembly type of production as well as the processing of incoming or imported materials, and develop compensation trade. Thus we will be able to increase our exports as well as domestic sales. Our country has a population of 1 billion, and this is the world's largest market. Even if production increased tenfold, the products could still be sold out. This is also a way out for economic cooperation with friendly countries.

Our foreign enterprises have been spooked by these difficulties and have doubts about furthering cooperation with our country. However, people with insight should not view our country in this way. It should be noted that our country's current difficulties are quite petty when compared to those of Japan in the 1950's. If Japan could embark on a course of rapid economic development in 10 years, why cannot our country also embark on a road of rapid development after a certain number of years? Historically, Japan and China have had friendly relations for over 1,000 years, and geographically, the two countries are neighbors separated by merely a sea. Japan enjoys advantages in what we lack or what we are weak in (we lack funds, technology and management experience), whereas our country enjoys advantages (our country has many unexplored resources) that correspond to Japan's shortcomings. The two countries can become very good partners in cooperation. It can be predicted that when our country accomplishes its economic readjustment in the future, our capability for utilizing foreign capital will increase by multiples. If we advance steadily and do not repeat the mistakes we committed 2 years ago, the prospects for Sino-Japanese economic cooperation will be excellent.

Many foreign friends have expressed great concern about the reform of our country's economic management system. From now on, this reform will also be a major task in our country's economic work. Many economists often say that the capitalist economy is a market economy, while a socialist economy is a planned economy. There are reasonable grounds for this statement, but I think it should not be considered as absolutely correct. In a capitalist economy, the means of production are privately owned and the state safeguards free conpetition among all enterprises, but the state must also impose restrictions as necessary through various kinds of economic legislation. Sometimes the state must also adopt policies concerning the banks' lending activities to guide the orientation of enterprises' development. I think the Japanese Government has very successfully guided the orientation of the enterprises' development. Japan firmly safeguards free competition, but such government departments as the Office of Economic Planning and the Ministry of Finance have done a great deal of work in guiding the orientation of the enterprises' development. Japanese enterprises own very small amounts of capital funds, and they employ large sums of bank loans. Government departments such as the Ministry of Finance can influence commercial banks through the central bank, and the commercial banks in turn influence tens of thousands of enterprises, which are thus ultimately guided by the state in the desired orientation of development.

China is a socialist country in which the system of public ownership of the means of production completely predominates. Because the state exercises control over the overwhelming majority of the means of production, it must plan and manage production and construction, as well as take the responsibility of planning for the livelihood of the whole nation. However, a well developed socialist system must be built on the foundation of socialized large-scale production. This mode of production is the result of the full development of a commodity economy. At present, the semiself-sufficient economy still predominates in our country's rural areas, and we must develop the production of commodities there. Although the commodity economy is well developed in the municipalities, the degree of socialization is still very low, except in a dozen large cities, such as Shanghai, Tianjin, Guangzhou, Beijing and so on. If we do not develop the commodity economy and socialized large-scale production, we will lack a firm material basis to realize well developed socialism. At present, the state-owned economy has taken a leading position in our country's national economy. However, the collective economy still proliferates together with an extremely small amount of individual economy. To improve economic results, the state enterprises (including commercial enterprises), numbering up to 1 million, must adopt the system of job responsibility at all levels inside themselves, as well as practice exchange at equal value when they exchange their products. That is, they must take their products as commodities in exchanging them. Because we must still carry out the exchange of commodities on an extensive scale, we must naturally make use of the market mechanism, that is, we must integrate the planned economy with the market economy. The planned economy is the main body in our national economy and the market economy plays an essential and subsidiary role.

What we call regulation by planning mechanism refers in the first place to the appropriate distribution of the national income by the state in a planned way, a distribution that prescribes various fractions of the national income to be used for economic construction, social security or improving the people's livelihood. This is also what we usually call the distribution among accumulation funds and consumption funds. Second, regulation by planning mechanism refers to the appropriate distribution of accumulation funds among various sectors of the national economy as well as the maintenance of proper proportional relationships between various sectors of the national economy, carried out in a planned way. Of course, the consumption funds should also be appropriately distributed among various social groups, in particular, between the workers and the peasants. In the past, the principal error in our economic work was the inappropriate distribution of the national income. Our accumulation funds took up an overly large portion of the national income. Sometimes the sum of accumulation funds and consumption funds exceeded the national income, resulting in fiscal deficits and inflation.

If we do a good job of regulation by planning mechanism and maintain proper proportionate relations between various sectors of the national economy, then we will be able to give the enterprises a free hand in exercising greater decisionmaking power so that they will be able to fully exploit the role of the market under planned guidance, and we will be able to mobilize the enthusiasm of some 1 million state enterprises (including commercial enterprises) and several million units under the collective economy to improve management, so that their economic results will be greatly improved.

The system of economic management we copied from the Soviet Union in the past has serious shortcomings. First, economic management is overly centralized and grassroots enterprises are denied the relative independence due to them. Their investment funds are solely appropriated by the state gratuitously, and their profits are wholly handed over to the state. The enterprises do not have their own funds. All funds needed for innovation, transformation or even the trial production of new products must be obtained from the state by application. It makes no difference to them whether they gain profit or lose money (deficits are compensated for by state subsidy), or whether their profits are large or small. There is no impetus or pressure for improving management. Second, the enterprises carry out production according to state planning, and the commercial departments of the state have the exclusive power to purchase and market all the products of the enterprises. Thus, the enterprises are insulated from the market. Production is often divorced from market demand. Consequently, some products are always overstocked, while others are always out of stock. Third, commercial enterprises in municipalities are exclusively run by the commercial departments, those in rural areas are exclusively run by supply and marketing cooperatives, the means of production are allocated solely by the goods and materials bureaus, and foreign trade is exclusively run by foreign trade departments. Because there is no competition, bureaucratic styles of work easily develop. Fourth, the prices of essential products are solely determined by commodity prices departments, and cannot be quickly adjusted according to changes in production costs, market demand or market supply. Over the past 20 years or more, the gap between prices and value has kept on expanding. The production of some high-priced and very profitable products has been increasing, so that these products remain permanently overstocked. Some low priced products yield small profits, their production has been decreasing, and they are always out of stock. Fifth, workers are assigned jobs solely by labor departments and they cannot find jobs by themselves. Once they have been assigned jobs, they cannot leave the industry, and they can only be promoted but cannot be demoted. Moreover, because the principle of distribution according to work has not been very satisfactorily implemented, remuneration is independent of the quality or quantity of work done. Discipline in work is lax. In addition, for many years we have merely emphasized the development of industry at the expense of developing service trades which can provide jobs for many workers. Therefore, though the employment rate is very high (in the municipalities, each worker needs to support only 0.8 persons aside from himself), several million people are still waiting for employment.

REFORMS IN PROGRESS, WHICH CENTER ON READJUSTMENT

Since 1979, we have tried to put an end to various irrational phenomena mentioned above. The reforms under way include the following.

BANK LOANS ARE TO REPLACE FINANCIAL APPROPRIATIONS AS A SOURCE OF INVESTMENT FUNDS FOR ECONOMIC CONSTRUCTION. SOME 6,000 FACTORIES ARE TRYING THE METHOD OF RETAINING PART OF THEIR PROFITS INSTEAD OF HANDING OVER ALL THEIR PROFITS TO THE STATE.

First, bank loans are to replace financial appropriations as a source of investment funds for economic construction. After the completion of construction projects, enterprises must pay interest to the banks. More than 6,000 factories (whose output in value terms accounts for 60 percent, and whose profits account for 70 percent, of the national total figures), which have previously handed over their profits to the state, are now trying the system of retaining a part of their profits.

A factory will retain more profits if it earns more. Now that these enterprises have their own funds, they use a large portion of these funds for innovation and transformation, and use a small portion to pay bonuses or to further the workers' collective welfare. Thus, the interests of the state, the enterprise and the individual worker are integrated, and the enthusiasm of the enterprises in improving management as well as that of the workers in working conscientiously are aroused.

THE MAJORITY OF COMMODITIES ARE PURCHASED, AND PLANS FOR PRODUCTION ARE WORKED OUT, ACCORDING TO THE NEEDS OF THE MARKET.

Second, aside from a small number of essential commodities such as grain, cotton fabric and so on, whose supply falls short of demand, most commodities are purchased by commercial departments according to the needs of the market. Factories work out their production plans according to their contracts with the commercial departments concerning purchases as well as according to the needs of the market. Instead of serving as a sole purchaser of all the output, the commercial departments now purchase selectively. They may refuse to purchase commodities which are not needed by the market. The factories may also market commodities which the commercial departments do not purchase. Many minor commodities earmarked for local sale may be sold by the factories directly to retail shops without passing through wholesale centers, or may be sold in shops operated by the factories themselves. Thus, we have begun to eliminate the gap between production and actual needs.

COMPETITION AMONG VARIOUS CHANNELS OF CIRCULATION IS TO REPLACE THE MONOPOLY BY A SINGLE COMPANY, SMALL FACTORIES AND SHOPS MAY CHANGE OVER TO INDEPENDTLY RUN UNITS SUBJECT TO THE PAYMENT OF INCOME TAXES.

Third, the channels for circulation of commodities are increased while the links of circulation are decreased. In the municipalities, monopoly by a single commercial company is to be replaced by competition among many channels of circulation. The state permits the factories to market commodities which are not purchased by the state run commercial units, and permits rural communes and production teams to sell their production in the municipalities. The state also encourages workers who are waiting to be assigned jobs to get organized, and to independently operate businesses in commerce, catering or various service trades. We can also envisage that in the future, we may let many state run enterprises engaged in service trades, such as small shops, small restuarants, tailor shops, repair workshops, bathhouses, hairdressing shops and so on, change over to assuming responsibility for their own profits and losses, subject to the payment of income taxes. Thus, they will be able to be run independently, to compete among themselves and to improve their standard of service. At present, we are considering letting some small state run factories also become independently operated units, assume responsibility for their own profits and losses, and pay income taxes. Supply and marketing cooperatives can help the rural communes, production teams and peasants to sell their agricultural or sideline products in the municipalities, develop markets for such products there, and increase the flow of commodities between the rural areas and the municipalities. Thus, the role of the market may be gradually extended.

We must also put an end to the system of state monopoly in foreign trade. The state has permitted major municipalities such as Shanghai, Tianjin, Guangzhou and so on, as well as some provinces which export relatively large quantities of commodities, to establish foreign trade companies and to carry out foreign trade companies, which organize their efforts. With the permission of the state, certain large factories which produce products for export may also join certain combined organizations and sell their products abroad on their own initiative. Last year, we permitted some provinces and municipalities to sell their products abroad on their own initiative. Many of them cut prices to outsell their rivals, and consequently they incurred considerable losses. This year, we are encouraging various national companies under the Ministry of Foreign Trade to take the lead in organizing integration and organizing consultations concerning the quantitities of commodities to be supplied as well as their selling prices, so as to avoid blind competition.

THE PRICES OF CERTAIN COMMODITIES SHOULD BE READJUSTED IF SUCH READJUSTMENT DOES NOT AFFECT THE PEOPLE'S LIVELIHOOD. THE PROFITS OF VARIOUS FACTORIES SHOULD MOVE TOWARD A RATIONAL LEVEL.

Fourth, irrational prices are being gradually readjusted. Becuase prices have risen over the past 2 years, the state has recently rigorously controlled market prices, so that the readjustment of prices has been impeded somewhat. However, the prices of certain commodities must still be gradually readjusted if such readjustment does not affect the people's livelihood. For example, since last year, the machine building industry has been trying the method of fixing prices by consultation. In particular, the group of machine building companies, which practice coordination among specialized members of the group, have been readjusting the prices of spare parts and components by consultation among themselves, so that the profits of several of their members will move toward a rational level. Steel products are not only supplied according to plans, but can also be bought and sold at negotiated prices, so that high-priced and lucrative products become cheaper and low-priced products which yield little profit can command higher prices. In these examples, the buyers and sellers are state enterprises and their transactions do not affect the people's daily life. Therefore, they can be given slightly greater freedom in price readjustment. The irrational prices of certain daily consumer goods gravely affect the balance of demand and supply, and in these cases the commodity bureaus will take the initiative to readjust the prices. Some minor commodities, agricultural and sideline products, native products and specialties may not only be partially purchased by the state according to plans, but may also be purchased or marketed at negotiated prices.

WHEN MARKET PRICES ARE BASICALLY STABILIZED, WE WILL READJUST PRICES IN A PLANNED WAY AND ADOPT A LESS STRICT SYSTEM OF CONTROL. WORKERS WAITING TO BE ASSIGNED JOBS MAY SEEK WAYS OUT BY THEMSELVES. ORGANIZE COOPERATIVES, OR EVEN OPERATE BUSINESSES INDIVIDUALLY.

Fifth, the labor employement system is being changed. The workers who are waiting to be assigned jobs may not only be assigned jobs by the labor departments, but may also organize cooperatives or cooperative groups by themselves, or even operate one-man businesses. The state can give them guidance and assistance if necessary. Over the past 30 years, we have vigorously developed industry, but have not correspondingly developed commerce, the catering trade, dressmaking , the repairing trade and other services trades. After the accomplishment of our socialist transformation, we inappropriately amalgamated many small shops and enterprises in various service trades, so that the service trade networks and units were greatly reduced in scale and number, resulting in a great deal of inconvenience in the people's daily life. If we assist those workers waiting to be assigned jobs to seek ways of earning a livelihood by themselves, and thus develop various service trades, the problem of people waiting to be assigned jobs will not be difficult to solve.

To raise the efficiency of workers in factories and other enterprises, we must gradually change the system whereby the labor departments assign workers to various units. We should instead recruit workers by inviting applications and by means of examinations, selecting the best candidates for appointment. There should be regular assessments of the workers' proficiency, as well as promotions, demotions (with promotion opportunities exceeding chances of demotion, of course), awards and penalities. At present, the problem of labor employment has not been satisfactorily solved, and the factories do not have clearly specified technical regulations or quotas for the number of workers. Therefore, the new system is still under experimentation in only a small number of factories.

The reform of China's economic management system is a new attempt with regard to how the socialist economy should be managed. It not only calls for wide-ranging theoretical discussions but requires us to accumulate experience in the course of practice. The orientation of our reform is clear, and our determination is very great.

However, our advance must be steady. In particular, during the period of readjustment, reform must be coordinated with readjustment and must center on readjustment. Many foreign economists have taken a keen interest in our reform and have published many relevant commentaries. As far as I know, most of their appraisals on our reform are positive, and their views should also be taken by us for reference. However, a small number of newspapers and journals have published some incorrect views. For example, an American newspaper, seeing that China is now keeping investments in the localities and enterprises under strict control and exercising fairly strict control over the markets and prices, thinks that China has failed in its reform of the economic management system and is returning to the beaten track of centralized and unified leadership. This is a misunderstanding. Our policy in the reform of the economic management system will not change. In particular, our policy of giving the enterprises greater decisionmaking powers, of making use of the market mechanism and of maintaining economic cooperation with other countries will not change. China is a socialist country. The state controls the overwhelming majority of the means of production, and it must plan for and manage the overall production and construction in the country. The state must correctly handle the relations between economic construction and the people's livelihood. In particular, it must strictly control the scale of economic construction. More than 2 years ago, because the localities and the enterprises had been given greater decisionmaking power, they had larger amounts of funds at their disposal and consequently blindly launched redundant construction projects. Although planned investment was reduced, unplanned investment increased, so that our policy of readjustment could not be easily realized. Therefore, over the past few years, the localities and the enterprises have been allowed to use their own funds for construction, but the total amount of investment and the orientation of development must be controlled by state planning. As for strengthening market management, this is a necessary condition for practicing regulation by market mechanism. Just as democracy must be accompanied by the rule of law, developing regulation by market mechanism must be supplemented by establishing the requisite market management system. This is not difficult to understand.

Another misunderstanding is the view that because China is now carrying out regulations by market mechanism, it is developing in the direction of capitalism. A sure guarantee that China will not return to the road of capitalism now or in the future is that the state is in control of most of the means of production. When the means of production are privately owned, the commodity economy is likely to develop in the direction of capitalism. The system of public ownership of the means of production ensures the secure leadership of the socialist state-owned economy in the national economy. The state formulates all the economic development plans and defines the direction of economic development. Our commodity economy is a socialist commodity economy based on the system of public ownership of the means of production. Our regulation by market mechanism is guided by the state plan. Our practices of giving the state-owned enterprises great decisionmaking powers, developing the collective economy with the accent on responsibility for one's own profits and losses and allowing the presence of the individual economy on a small scale as a supplement to the socialist economy will not change the socialist nature of our economy. In commodity circulation, our purpose in doing away with monopoly, increasing the channels of circulation and protecting competition is to enliven the markets and overcome the bureaucratic work style in commerce. This will not shake the leading position of our socialist state-owned commerce in the markets. China is a socialist country whose output level is rather low. Therefore, our economic management systems must be flexible and multifarious. The socialist system must assimilate many useful experiences of the capitalist countries in managing the commodity economy, but the socialist system is essentially and basically different from the capitalist system.

I must terminate my long speech now. Thank you.

HONGQI ARTICLE STUDIES 'TALKS AT YANAN FORUM'

HK220731 Beijing HONGQI in Chinese No 10, 16 May 81 pp 13-17

[Article by Ding Zhenhai [0002 2182 3189]: "The Question of 'For Whom' Is Still a Fundamental Question--Studying 'Talks at the Yanan Forum on Literature and Art'"]

[Text] Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" (referred to below as the "Talks") was published 39 years ago. Despite repeated tests and historical storms over a long period in the past, it is still radiant today. Marxist theory cannot be treated as unalterable dogma. Similarly, some individual proposals and conclusions in the "Talks" are still subject to perfection and supplementing in the wake of the development of the era. However, we cannot deny that the "Talks" has developed a series of evergreen fundamental principles guiding proletarian literature and art in accordance with the actual experience of the Chinese revolution. All contentions and practices are wrong that mean to speak ill of or negate this immortal masterpiece.

The "Talks" is an epoch-making historical work and a brilliant theoretical monument in the historical development of Marxism. It proposed and in fact solved many problems concerning theory and policy on the path of development of Chinese proletarian literature and art, such as literature and art and revolution, literature and art and life, popularization and improvement, ideas and creation, praise and exposure, motives and effects, inheritance and reform, criteria for literary and art criticism, the united front of literary and artistic circles, and so on. As Comrade Mao Zedong said, the "heart of this matter" is a question of for whom literature and art are intended. Comrade Mao Zedong was an expert in grasping the main contradiction among the various complicated historical phenomena and practical contradictions to stress the main points, push toward the overall situation and eventually bring a solution to the whole problem. The "Talks" has made a great contribution to the historical development of proletarian literature and art. It has grasped the fundamental question of for whom literature and art are intended, which is also a question of principle; made clear that literature and art is serving the masses (primarily the workers, peasants and soldiers); and worked out the sole and correct way to accomplish this direction, namely integrating the writers and artists with the broad masses.

The relationship between literature and art and the people, in other words, the attitude of literature and art toward the people, is the major criterion for judging all ancient and contemporary writers and their works. This truth has been proven from Qu Yuan's "Grieve Over Hardships in the Common People's Livelihood" to Du Fu's "Behind the Vermilion Gates, Meat and Wine Go To Waste, While Out on the Road Lie the Bones of Those Frozen to Death;" and from the historical theme of "Water Margin," which revealed that "people rebelled as a result of government suppression," to the sympathy and praises for the opponents of the feudal society and the suppressed slaves in the "Dream of the Red Chamber." However, where proletarian writers are concerned, the relationship between literature and art and the people has developed a qualitative leap, differing from aggressive writers of the past who were content to show concern and sympathy for lower-level people who were suffering hardships and difficulties. Proletarian writers must allow their own class stand and sentiments to fundamentally change in order to become loyal sons and bold fighters of the proletariat and the laboring masses; they must turn the people's ideology, sentiments, ideals and pursuits into their world-outlook and the flesh and blood of their literary and art works. They must let the truth, that the masses create history, shine through every cardinal link and the whole process of artistic creation, in order to enable their work to be really essential to and made use of by the people and play the historic roles of "awakening and inspiring the people, pushing the people forward toward unity and struggle and encouraging them to reform their own environment."

Lenin first proposed in 1905 in his work "Party Organization and Party Literature" that proletarian literature and art must serve the millions and tens of millions of working people. However, how can we accomplish this demand of Lenin? That is to say, what is the practical device to achieve this great goal? Comrade Mao Zedong was the first to comprehensively and systematically solve this problem, linking theory with actual practice. In the "Talks," Comrade Mao Zedong enriched and developed the Marxist principles concerning the party spirit of literature, by aiming at various contradictions and problems existing in Yanan literary and artistic circles and the new literature and art movement since the "May 4 Movement." Comrade Mao Zedong also promptly and profoundly concluded that the question of for whom are literature and art intended is the "heart of the matter," and stated that the key method to solve this crucial problem is that revolutionary writers and artists must reform their sentiments and that the specific device is to go deep among the workers, peasants and soldiers, go deep into the actual struggles and study Marxism-Leninism and to "integrate with the masses of the new era."

That literature and art should serve the broad masses and the workers, peasants and soldiers is the fundamental direction and principle for developing Chinese proletarian literature and art. However, in different historical times or eras, this fundamental direction and principle will bear its own specific contents of the era and specific characteristics. About 39 years ago, the principle that literature and art should serve the people, the workers, peasants and soldiers was closely related to the central task then of overthrowing the enemy of our nation, accomplishing national liberation and building a new China. Since the establishment of new China, development of proletarian literature and art was bound to be closely related to socialist revolution and construction under the leadership of the Chinese Communist Party. Socialism is where the fundamental interest of the people lies. Thus, to serve the people and socialism becomes the fundamental direction of the development of literature and art in the entire historical era of socialism.

After the publication of the "Talks," the new appearance of literature and art, the new Chinese revolutionary literature and art cause, and the meritorious achievements obtained in the liberated areas amply proved that the direction and road of literary and artistic development pointed out by Comrade Mao Zedong were correct and that the setbacks and mistakes on our road of advance, be they "leftist" or rightist, all ran counter to the spirit of Comrade Mao Zedong's "Talks." During the 10 years of upheaval under the "gang of of four," the villains were in fact polluting the "Talks" every year in the form of holding a ceremony to commemorate it, and they were in fact engaged in the most filthy conspiracy under a magnificant pretext. What the "gang of four" created and pushed in the literary and artistic circles was a reactionary line which was antagonistic to the party, the people and the masses of writers and artists, and led to an inestimable historical catastrophe in new China's revolutionary literature and art cause.

Since the smashing of the "gang of four," particularly since the third plenary session, our country's literary and artistic works seemed to have bid farewell to the solemnity of autumn and have rejuvenated in a warm spring. A picture of prosperity has appeared, and the CCP Central Committee has commended the literature and art circles as "one of the departments which have scored distinctive achievements." The most prominent characteristic of the development of literature and art in the new period is that they have brought an end to the hypocritical and conspiratorial literature and art, characterized by "hiding the truth from" and "deceiving" the masses during the period of the "gang of four," and restored and promoted up closer ties between literature and art and the life of the people. Recently, various forms of literature such as fiction, drama, movies, poetry and prose and so on and various kinds of art such as painting, music, dancing and so on have scored remarkable achievements and gained popularity and praise among the masses because they have reflected the thoughts, sentiments, desires and demands of the masses through making a realistic portrait of the people's life.

Literature and art which take root in life and among the masses, breathe and live with the masses and help the masses push life forward is the people's literature and art, which shows great vitality. Similarly, works which indulge in self-expression and self-elaboration, and whose sentiments are indifferent to an drift apart from the masses will certainly be shunned and estranged among the masses. Literature and art of the people are the most powerful and prosperous. Upholding the principle that literature and art serve the people and socialism and integrating writers and artists with the masses is the sole and correct direction and road to promote socialist literature and art.

While fully affirming the achievements that literary and artistic works have scored in the past few years, we must also notice certain shortcomings and problems cropping up on the road of advance. Our literature and art works are still far from meeting the demands of socialist modernization in the new period and the people's demands in many aspects, particularly, in ideological content, artistic quality and subject matter and variety of forms and styles. As a matter of fact, there is only a very limited number of works which can practically and profoundly reflect the bubbling life and selfless struggles of the broad masses of people in the new period through vividly portraying realistic figures and moving artistic scenes. The portrayal of new socialist people and pioneer workers in accomplishing the four modernizations is still a weak link in literary and art works hitherto. We should also draw attention to the fact that there are still a small number of works portraying scars and exposing flaws which are too despondent, and even give off the idea of pessimism, nihilism and extreme individualism. Apparently, the shortcomings of contemporary literary and art works are: the writers and artists follow trends like a swarm of bees; they copy mechanically regardless of the specific conditions, and overstress romantic feelings to prolong the plot; and many of their works are in poor taste and are the same old stuff with a new label. Despite complicated social background and ideological factors that account for these problems, the question of for whom literature and art are intended and the question concerning the integration of the writers and artists and the masses are still the "heart of the matter."

In the past few years, a tendency which gives much food for thought concerning literary works has appeared: Since the smashing of the "gang of four," some young writers have gained a reputation by denouncing in their works the crimes of Lin Biao and the "gang of four" which sabotaged the country and brought hardship to the people and by successfully reflecting the vicissitudes of life during the 10 years of upheaval. However, as time goes by, although they may have improved their writing skill, their works are becoming less effective in reflecting the era, showing love for life and playing a social role. To find out the reason for this, we must understand that these comrade writers certainly suffered a lot during the "Great Cultural Revolution" and fell in to the "stinking ninth category," during which time their sentiments and living conditions were similar to those of the masses. This accounted for the fact that they could realistically reflect in their works the people's hardships, destiny, desires and demands. However, time is quickly passing. When the broad masses are now involved in the historical and great cause of building the four modernizations, they enthusiastically anticipate that our writers will display creativity and portray the new scenes in which the broad masses of people create their own history. Nevertheless, some of our writers, for various reasons, are drifting apart from the masses of the new period; they do not understand and are unfamiliar with new life, new struggle and new figures. Moreover, some of them are willing to suit their works to the taste of a very limited number of "readers." Apparently, if nothing is done to change this inappropriate situation, our literary and art creation will lag behind the times.

When we put forth this anticipation, we certainly are not ignoring the specific subjective and objective conditions of the writers, and rigidly demanding that they follow the trend to reflect the four modernizations.

Variety of themes, subject matter, figures and styles is always necessary. The writers can portray everything in their sight, be it imaginary or real, ancient or contemporary, foreign or native, praise or exposure, friendship or love, ... and so on. However, we put forward the reasonable demand that literary works must give people confidence and strength and be beneficial to enhancing the people's moral standard and healthy aesthetic judgment, not matter what their themes and figures are.

As a matter of fact, where ideology in literary and artistic creation is concerned, there are now objections against the direction of literature and art serving the people and socialism, not to mention the fact that some literary and artistic works do not meet the demands of the people. Some people say: "The goal of literature and art lies in literature and art themselves." Others say: "Literature and art mean literature and art; why must they serve something?" And some say: "The works are the writers' subjective reflection of the outside world." Some people even regard Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art" as certain "regulations" which restrict creation. Of course, only a very small number of people hold such obviously wrong concepts. Currently, what merits our attention is that some comrades have shown wrong understanding of the fundamental question of for whom literature and art are intended and of the relationship between literature and art and the people's life in the course of holding discussions on "new literary and artistic ideas."

Recently, literary and artistic circles have conducted various discussions on the technique of expressing the stream of consciousness in novel writing. In fact, by treating the stream of consciousness as a kind of expression technique, we can absorb some of its useful factors in creation, and many cases, some writers have made remarkable achievements in this respect. However, in the course of probing the technique of expressing the stream of consciousness and new literary ideas, many comrades have got practically involved in the significant issue of the fundamental direction of literature and art, and hold that "certain comrades will not accept their exploration and new creation in literature art. They would rather, however, create the spring snow for 1,000 people than create the song of the rustic poor for the 800 million people." Apparently, such "new creation" and "exploration" reveal the fact that there is a great difference, where sentiments are concerned, between the advocators of this principle and the broad masses of people, and show that the fundamental question of for whom literature and art are intended is not yet solved among them. Writers possessing the so-called ideology of being "reluctant to create the song of the rustic poor for 800 million people" do not in fact deserve the title of socialist writers, and are, furthermore, lagging behind many aggressive writers in history. Regarding this point, Hegel said: "Art is not intended for a small group of scholars who possess a high cultural standard, but for the broad masses throughout the country." How can our socialist writers feel at ease and justified in constructing an art palace for "1,000 people," and shut the door against the 800 million people?

Comrades holding this view have also separated the dialectical relations between popularization and raising of standards. The standard of popular works of course needs to be incessantly raised, but popularization is at all times the basis for raising the standards, and no standard can be raised without popularization. In China today, the so-called raising of standards made on the basis of divorcing oneself from the 800 million people who enjoy the "song of the rustic poor" is in fact the kind of closed-door raising of standards severely criticized by Comrade Mao Zedong in the "Talks." The kind of "spring snow" which only caters to the understanding and appreciation of "1,000 people" is only a castle in the air which is divorced from the masses and reality and is empty and dull. It can never be the "quintessence of literature and art" which pushes forward the development of the entire literature and art cause.

In accordance with Marxist aesthetic principle, works of literature and art, as ideological forms, are products of the reflection in the human brain of the life of a given society. Similarly, revolutionary literature and art are the products of the reflection of the life of the people in the brains of revolutionary writers and artists. However, going by this "new aesthetic principle," if literary works still repudiate social life beyond the self, they are fundamentally deviating from the material base for literary and art creation. Of course, in reflecting social life, the writers are not mechanically copying, as if taking pictures; they must display their initiative and creativity. Thus, from prelimeinary consideration, and from working out a plot to completing a work, the sentiments of the writers are involved in the works which bear a deep imprint of "self." But this is a subjective and objective unity with the realistic process in which the writers reflect social life, and is neither antagonistic nor mutually exclusive. The value of "self," as a category of socialist literatue and art, certainly manifests the uniformity of the sentiments of the figures in the work with those the writer himself, and represents the writer's unique mode of thinking and feeling. However, in the final analysis, such thinking and feelings must depend on the writer's degree of success in characterizing the masses' thinking and feelings, which represent an extensive social capacity. The "self" is naturally more emphatically colored in lyric poetry than in other narrative works. Even if this is so, this does not imply that the poet's subjective sentiments can drift apart from the social environment in which he is actually situated. Poets like this will definitely have no future in their career if the "self" in their works is not related to the contemporary era and the people's sentiments and is not singing the praises of the people's "great achievements," "heroic struggles" and "selfless labor," but on the contrary, is only satisfied in expressing their selfish and trivial desires. (Taine), a bourgeois aesthete, has remarked: "An isolated person always lacks strength and his works will never win high appraisal." Both ancient and contemporary literary creations have proven that literary works including lyric poetry can "truthfully prosper" only if they take root among the life of the masses. Otherwise, the tree of art will die and the flowers will die. The decline of the contemporary Western schools of literature severes as a warning for adhering to the "new aesthetic principles."

The philosophical basis of this "new aesthetic principle" is to place the individual above society. This writer has also realized: "Superficially, this seems to be a divergence in the aesthetic principle, but in fact, this is a divergence in the criterion of the value of man. From the point of view of the young reformers, the individuals should enjoy a superior position in society. Their belief is that if it is man who has created society, the interest of the individuals should not be negated for the sake of maintaining social interests." It is true to say that in the wake of raising the level of man's material and spiritual civilization, the position and role of the individual in the society will certainly be raised as well. Socialism does not mean to negate the existence of the interest of the individual, but to uphold unanimity among the interests of the state, the collective and the individual. However, the interest of the individual must be subordinate to the interests of the state and the collective, and all aggressive persons who possess revolutionary awareness must always be prepared to sacrifice their own interests, or even their lives if necessary, for the party's and the people's interests. The so-called "new aesthetic principle" totally evades the individual's obligations and responsibilities toward society, the state and the people, placing the individual in a "superior position" to society and the people.

Whether we treat literature as a cause of the party and the people or as a cause of the individual is a basic premise for whether we can uphold the principle that literature and art serve the people and socialism. As Comrade Mao Zedong said in the "Talks" : "Today, writers who cling to an individualist, petty-bourgeois stand cannot truly serve the masses of revolutionary workers, peasants and soldiers."

Since the "new aesthetic principle" proceeds from the interest of the individual and places the value of man above everything, it certainly cannot provide a proper answer to the fundamental question of for whom literature and art are intended, which is also a question of principle.

Recently, we have drawn inspiration from the problems derived from studying theory and arising in the course of creating literary and artistic works; not only in Yanan 39 years ago did the question of for whom literature and art are intended crop up and "seem to be solved," while in fact "the contrary was proved" and the "sentiments," "works" and "deeds" of many writers and artists "more or less showed that they had met neither the demands of the masses nor the demands of the actual struggles;" this is also a significant question today, at which our literary and artistic circles should aim.

Comrade Mao Zedong acutely pointed out 39 years ago in the "Talks": Many comrades of the literary and artistic circles in Yanan have come here from the garrets of Shanghai, and in coming from those garrets to the revolutionary base areas, they have passed not only from one kind of place to another but from one historical epoch to another. This was why the sentiments and way of living of a good number of people could not accord with the new era of the masses. And it was necessary at that time to solve the question of for whom and how literature and art should work and solve problems concerning the writers' stand, attitude, objectives of work, study and so on in order to work out a proper development of revolutionary literature and art and to accomplish the task of "overthrowing the enemy of our nation and accomplishing national liberation" entrusted us by the era. Today, our country has stepped into the new era of socialist modernization. Simultaneously, while we greatly enhance the level of the productive forces, we must also reform and perfect the socialist economic and political systems and develop a high level of socialist democracy and perfect the socialist legal system. In addition to this, we must also achieve a high level of material civilization, enhance the scientific and cultural level of the entire nation, develop lofty and rich cultural life and eventually achieve a high standard of socialist spiritual civilization. Undoubtedly, in the course of accomplishing the great historical tasks of the era, literature and art have bright prospects and shoulder great responsibilities in which other departments cannot replace them. In the past 4 years, our literature and art have really made a lot of contributions which could never be underestimated nor written off. Nevertheless, we must still draw attention to the fact that our literature and art are still far from meeting the demands of the era. The crux and the key of the problem are still the same: uphold the direction that literature and art serve the people and socialism, and achieve integration of the writers and artists and the broad masses of people in the new period. It is apparent that if our writers and artists do not diligently study Marxism-Leninism and society and do not integrate with the broad masses in the new period, in the current situation in which the old and the new are crisscrossed, the new replaces the old and there are various complicated social and ideological contradictions, they cannot properly understand the essence of the era and the natural trends of historical development, they cannot portray the great historical scenes in which millions upon millions of people are marching toward the four modernizations under the leadership of the party, they cannot create realistic and touching new socialist people and brilliant pioneer workers for four modernizations, nor can they shoulder the sacred obligation of "spiritual engineers" who spiritually and morally support the people. In the "congratulatory speech" given at the fourth national congress of writers and artists, Comrade Deng Xiaoping repeatedly stressed and profoundly expounded on the same question, that literature and art must integrate with the people of the new period: "The people are the mother of the writers and artists. The artistic life of all aggressive writers and artist depends on the flesh and blood relationship between them and the people;" "The people need literature and art, and literature and art also need the people. The fundamental path for developing and promoting our socialist literature and art cause is to spontaneously gather materials, themes, plots, language, poetic flavor and scenes from the people's life."

The "fundamental path" pointed out in the "congratualatory speech" and the direction and path stipulated in the "Talks" that literature and art should serve the broad masses of people, the workers, peasants and soldiers and that the writers and artists should integrate with the broad masses of people are one and the same.

At the conclusion of the "Talks," Comrade Mao Zedong powerfully pointed out 39 years ago: So long as we uphold the correct direction that literature and art serve the masses, the workers, peasants and soldiers, we definitely "can create many fine works which will be warmly welcomed by the masses of people, and can advance the literature and art movement in the revolutionary base and throughout China to a glorious new stage." History has turned Comrade Mao Zedong's predictions into truth. So long as we continue to uphold this proper direction today, we certainly can bring about a more glorious "new stage" in the development of socialist literature and art.

GUANGMING RIBAO REVIEWS 'MORNING IN SHANGHAI'

OW251023 Beijing XINHUA Domestic Service in Chinese 0308 GMT 25 Jun 81

[Text] Beijing, 25 Jun (XINHUA)--GUANGMING RIBAO on 25 June published economist Xu Dixin's review of Zhou Erfu's novel "The Morning in Shanghai," entitled "Lively Pictures of Socialist Transformation."

The book review says: "The Morning in Shanghai" is indeed a fairly good novel. It presents a lively and penetrating class analysis of the national bourgeoisie in our country, vividly brings to light the dual character of the national bourgeoisie in the stage of socialist revolution, and artistically reproduces the might of the party's united front work. The novel, which is based on the socialist transformation of capitalist industry and commerce, not only incisively reveals the soul of the various characters of the national bourgeoisie, but also meticulously describes the magnificant pictures of the working class growing up in the mighty torrent of socialist revolution.

The review says: "Maybe because of my work experience in Shanghai, the characters in 'The Morning in Shanghai' seem very familiar to me. Their voices and laughter continuously ring between the lines, taking my memory back to the time when the story took place." "The bourgeoisie no longer exist as a class now. What has happened to the national bourgeoisie is invaribly inseparable from the CCP's policy to unite, educate and reform this class of people."

The book review points out: Presently, some people doubt whether it was necessary to carry out the socialist transformation on the national bourgeoisie or on capitalist industry and commerce. Is there the ground for their doubts? To answer this question, I recommend this novel to young readers."

MARXIST PHILOSOPHY SOCIETY MEETS IN HANGZHOU

OW260344 Hangzhou Zhejiang Provincial Service in Mandarin 1040 GMT 25 Jun 81

[Text] Recently, the national Marxist philosophical history research society held its first annual meeting in Hangzhou. This was an historically significant grand meeting of students of Marxist philosophical history in our country. Attending the meeting were more than 200 people, including representatives and observers from 76 institutes of higher learning and 20 social science research units of provinces, municipalities and autonomous regions throughout the country and party schools and publishing houses in various localities. More than 70 theses were submitted at the annual meeting.

(Ma Zemin), responsible person of the society, delivered a work report. The national Marxist philosophical history research society, founded in October 1979, is a national mass organization.

During the past year or so, under the guidance of the third plenary session of the CCP Central Committee, members of this society in various parts of the country have actively studied and publicized the development of Marxist philosophy and contributed to upholding the four basic principles and promoting the four modernizations. This annual meeting reviewed the rank and file of this new science and exchanged information on the achievements in research. The spirit of free discussion prevailed at the meeting. Enthusiastic discussions were conducted and centered around such topics as the methodology of the history of Marxist philosophy, the position of Mao Zedong's philosophical thought in Marxist philosophy and man's position in the history of Marxist philosophy.

An executive board meeting of the society was held during the annual meeting. It was decided that a scientific discussion meeting will be held next year to discuss the formation of Marxist philosophy. During the annual meeting, a national meeting was also held to exchange experiences on conducting the course on the history of Marxist philosophy.

ACTIVITIES MARKING CCP 60TH ANNIVERSARY NOTED

Film Week Opens

OW241915 Beijing XINHUA Domestic Service in Chinese 1317 GMT 24 Jun 81

[Text] Beijing, 24 Jun (XINHUA)--Speaking at the opening ceremony for "film week in celebration of the 60th founding anniversary of the Chinese Communist Party," Vice Minister of Culture Chen Huangmei urged film workers to inherit and carry forward the fine tradition and, using the characteristics of different categories of films, to truly and more effectively reflect our party's glorious history of struggle and its great achievements as well as the magnificent contributions that Comrade Mao Zedong Thought made to the Chinese revolution. He said film workers should see to it that the Chinese people's great struggles led by the party during various historical periods are reflected and that more new socialist model images with more vivid and inspiring deeds are created in films.

The opening ceremony for film week in celebration of the 60th founding anniversary of the Chinese Communist Party took place with grandeur at the CPPCC auditorium in the capital city. The ceremony was presided over by Chen Bo, director of the film bureau of the Ministry of Culture. Among those present were leading comrades of the central organs and the departments concerned, including Song Renqiong, Deng Liqun, Zhou Yang, He Jingzhi, Kang Keqing, Han Ying, Fu Zhong, Xia Yan, Situ Huimin, Han Ronghua, Zeng Delin, Liu Daosheng, Zhao Dingxin and Yuan Wenshu. Also attending the opening ceremony were those who had taken part in the production of films to be shown during the week as well as masses of the capital city, totaling more than 1,000.

Chen Huangmei was the first speaker at the opening ceremony. He said: Since the founding of our country, our film workers have taken it as a major creative task to reflect the glorious history of struggle of our party, to give publicity to the victories for Mao Zedong Thought and to portray the images of proletarian revolutionaries of the older generation and outstanding Communist Party members on various fronts. They have made considerable achievements in this task. We should correctly sum up experience and continue to advance persistently and unremittingly.

Chen Huangmei continued: We should do a good job in giving full scope to the fighting role of movies and use them to help and educate the people, especially the younger generation, to correctly learn and understand the party's history, to correctly understand and deal with the difficulties and contradictions on the road ahead and to correctly see and understand the prospects of the four modernizations. In this way we will stimulate the people to work with increased confidence, unite them more closely around the party Central Committee and encourage them to act with one mind and strive heart and soul for the realization of the four modernizations.

Also speaking at the opening ceremony was Zhao Hua, editor of the lengthy documentary "Song of Forerunners," which was shown after the opening ceremony.

Veteran Fighters Choir Performance

OW260800 Beijing XINHUA in English 0744 GMT 26 Jun 81

[Text] Beijing, 26 Jun (XINHUA)--A choir of 500 veteran revolutionaries will perform at the Great Hall of the People June 29th to honor the 60th birthday of the Communist Party. Organized by the Ministry of Culture, the party anniversary performance will also include choral programs by the central philharmonic society, the choir of the Beijing children's palace and music and dance. The gala is expected to attract 10,000 people.

The veteran fighters' group consists of three smaller groups. Members are drawn from the Yanan Veterans Choir, the Army Veterans Choir and the Student Movement Participants' Choir.

The first group was formed in 1978 and has performed three times. The second group performed in 1979 on the occasion of the 30th anniversary of the founding of the People's Republic. The third group performed on May 4 this year to mark the youth festival. The choir members are all in their 50s and 60s and most are leading cadres. Among them are those working on cultural, industrial, military and diplomatic fronts.

ENTERPRISE-OWNED FARMS URGED TO PRODUCE MORE

OW241542 Beijing XINHUA in English 1508 GMT 24 Jun 81

[Text] Beijing, 24 Jun (XINHUA)--The government encourages farms owned by industrial and mining enterprises to increase production of grain, vegetables and nonstaple foods. A national conference was convened between June 20 and 24 in Beijing by the State Economic Commission, the All-China Federation of Trade Unions and the state general administration of labor to study the matter. More than 60 delegates from across China and government ministries attended.

The enterprises owning farms are mainly forestry, petroleum, coal, metallurgy, geology, railways and the chemical industry. These farms now cultivate more than 400,000 hectares of farmland. In 1980, they produced 400,000 tons of grain, 1.1 million tons of vegetables, 3,050 tons of edible oil and 23,500 tons of meat. They also planted more than 330 million trees. Most of the enterprises are located in remote, mountainous areas in the nation's interior. Families are often separted for long periods and it is difficult to develop agricultural techniques and supply nonstaple foods. The successful operation of the farms, said the Minister of Agricultrue Lin Hujia, would result in more jobs and enable the reunion of now-separated families.

The conference pointed out that the farms play a supplementary role to the state's food supply. Enterprise-run farms outside Wuhai, a mining centre with a population of 230,000 in Inner Mongolia, now produce 63 percent of the city's vegetables. Farms run by the Daqing oilfield produce 100,000 tons of vegetables each year and save 4 million yuan of state food subsidies annually. Enterprises running their own farms have helped more than 200,000 workers and their families live together, thus saving the state 20 million yuan in travel subsidies each year and eliminating lost production hours. Jobs have been provided to many workers' children and their dependents. More than 5,000 young people in Harbin have found work on more than 100 such farms and last year produced 3,100 tons of grain and almost 5 million yuan in profit.

JIANGXI LEADERS HELP CLEAN NANCHANG STREETS

OW241902 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 24 Jun 81

[Excerpts] Today 200,000 people, including cadres of provincial and municipal offices, workers, peasants, store clerks, students, commanders and fighters of PLA units stationed in Nanchang city and neighborhood residents, took to the streets to remove garbage and clean up the streets to have the city spruced up for "1 July" [party anniversary].

Provincial and municipal party, government and army responsible Comrades Fu Yutian, Di Sheng, Wu Ping, Wang Zhaorong, Wang Shixian, (Wang Zemin), Xu Qin, (Zhang Yuxing), Zhang Guozhen, Liang Kaixuan, (Chen Yi), (Li Hua), (Li Mingxin), (Guo Sheng), Shen Hanqing, Wang Xianwen, (Zhu Tongqing), (Ni Hanying), (Wang Zhenting) and (Wang Yishi), as well as responsible comrades of the various provincial and municipal departments and units also went to Ba Yi Square to take part in the thorough cleanup activities.

JIANGXI COMMENDS OUTSTANDING PARTY MEMBERS

OW260228 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 25 Jun 81

[Report by station correspondent (Wu Wenhua)]

[Excerpts] The party committee of the Jiangxi provincial departments held a meeting on the morning of 25 June at the Jiangxi Provincial CCP Committee auditorium to commemorate the 60th anniversary of the CCP and commend advanced party branches and outstanding party members chosen from provincial departments in 1980. More than 1,200 people attended the meeting, including party branch secretaries and representatives of party members at the grassroots level.

Di Sheng, deputy secretary of the Jiangxi Provincial CCP Committee, addressed the meeting. On behalf of the provincial CCP Committee, he extended warm greetings to those chosen as advanced party branches and party members from the provincial departments and encouraged them to make sustained efforts in work, guard against arrogance and rashness, study diligently, strengthen party spirit, unite and look ahead, and strive to build China into a powerful modern socialist country.

He said: In the course of protracted revolutionary struggle, our party has cultivated, shaped and developed fine traditions and work styles that seek truth from facts, follow the mass line, integrate theory with practice and practice criticism and self-criticism. These traditions and work styles are weapons enabling us to perform our work successfully. We must inherit and restore these fine traditions and work styles and enhance them. To this end, we must straighten out our party work style because many of our party's fine traditions and work styles were ruined by Lin Biao and the gang of four in a decade of turmoil. Since the third plenary session, by setting things right and by consistently implementing and studying the guiding principles, there has been a great change in the party's work style. However, the change has not been drastic enough. If the party's work style is not straightened out, the party might face the danger of being divorced from the masses and degenerating, thus damaging the party cause and the achievements of the revolution. Although the unhealthy tendencies were brought about by only a handful of people, the harm they did cannot be underestimated as the unhealthy tendencies directly affected the party's prestige and reputation and weakened the party's fighting strength. Party organizations at all levels should be on guard.

The meeting read out the names of 26 advanced party branches and 97 outstanding party members and presented awards to them.

Comrade (Xing Hong), secretary of the party committee of the Jiangxi provincial departments spoke at the meeting and called on party members of the provincial departments to learn from these advanced party branches and outstanding party members.

A documentary film, "The Song of the Pioneers," was shown at the end of the meeting.

JINAN DAZHONG RIBAO VIEWS PEOPLE'S DICTATORSHIP

SK252135 Jinan Shandong Provincial Service in Mandarin 2300 GMT 24 Jun 81

[Report on DAZHONG RIBAO 25 June commentator's article: "The Dictatorship of the People Is a Guarantee for the People's Democracy"]

[Text] The article states: Adhering to the people's democratic dictatorship and the dictatorship of the proletariat is one of our four basic principles. Since the 3d plenary session of the 11th party Central Committee, we have effectively adhered to the firm political principle--the people's democratic dictatorship--and have continued to develop a political situation characterized by liveliness, stability and unity. What merits our attention is that for some reason, a few comrades do not understand why we need the dictatorship of the people. They are especially confused about relations between the people's democracy and the people's dictatorship. We should offer guidance to them.

Combining theory with practice, the article clarifies the following three misunderstandings. The first is: The exploiting class has been eliminated, so we need only develop democracy. Why do we still need to adhere to the dictatorship? The second is: Advocating dictatorship will dampen democracy. The third is: Once the dictatorship is implemented, it will be difficult to emancipate people's minds.

The article states: These misunderstandings indicate that if we want to eliminate muddled ideas and strictly adhere to the basic principle of the people's democratic dictatorship and the dictatorship of the proletariat, we first should strengthen the study of the basic theories of Marxism-Leninism-Mao Zedong Thought. By combining theory with practice, we can correctly understand the relations between democracy and dictatorship, freedom and discipline, right and duty and emancipation of minds and adherence to the four basic principles.

At the same time, we should strengthen propaganda and education on socialist legal systems. Organs and departments of the dictatorship at all levels have an unshirkable, honorable duty; that is, in line with the principle of the socialist legal systems and legal procedures and limits, to effectively and correctly use the law as a weapon to struggle against counterrevolutionaries and antisocialists. When dealing with those criminals seriously undermining stability and unity, we must never be soft-hearted. They must be severely and immediately punished according to the law. The broad masses of the people should not consider that the exercise of the dictatorship is none of their business. They should coordinate with the organs of dictatorship, emulate many models prepared to take up the cudgels for a just cause, have the courage to confront difficulties, work with concerted efforts and use the effective weapon of the people's dictatorship to guarantee the people's democracy and make due contributions to the four modernizations of the motherland.

GUANGDONG RALLY ON IMPROVING SOCIAL ORDER

HK260247 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 25 Jun 81

[Text] The Guangdong Provincial CCP Committee held a rally of cadres in the Guangzhou Zhongshan memorial hall on 25 June, to convey the central authorities' instructions on further tidying up social order. The rally also put forward demands on tidying up order within organs, bodies, factories, mines, schools, finance and trade units and so on. Provincial CCP Committee Secretary and Governor Liu Tianfu presided and spoke. Provincial CCP Committee Standing Committee member Kou Qingyan delivered a report. Over 4,000 persons attended the rally, including leading cadres of the provincial and Guangzhou municipal organs and responsible comrades of factories, mines and other enterprises.

Comrade Liu Tianfu stressed in his speech: To tidy up social order, we must first start in our own units. There are over 1 million cadres, staff and workers in the organs, factories, schools, shops and so on in the Guangzhou area. If we can put the internal management systems on a sound basis, strengthen anticrime measures and tidy up internal discipline, we will certainly be able to reduce criminal activities in society, promote social tranquillity, and make contributions to striving for a fundamental turn for the better in social order.

After conveying the relevant instructions of the central authorities, Comrade Kou Qingyan put forward a number of demands on behalf of the provincial CCP Committee to leaders at all levels attending the rally. He said: The party organizations of all departments and units must enhance understanding, summon up great resolve, and adopt effective measures to tidy up their own units. The primary task is to improve party work style. Secondly, we must strengthen political ideological work and strengthen education in observing discipline and law and heightening vigilance. The units concerned must be responsible for educating young delinquents. Third, it is necessary to put on a sound basis various discipline and safety responsibility systems and tighten up anticrime measures. Fourth, we must correct the orientation of production management. Fifth, we must put on a sounder basis the security organs and internal security committees.

WUHAN PLA AIR FORCE HOLDS 'THREE STRESSES' RALLY

OW252159 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 25 Jun 81

[Text] The leading organ of the air force of the Wuhan PLA units held a mobilization rally on 24 June, calling on air force offices and units stationed in Wuhan to deepen the "three stresses" drive for laying stress on servicemen's appearance, courtesy and discipline in order to bring a new look to the units.

Since the beginning of this year, the Wuhan PLA units' air force's leading organ and its various units have carried out extensive activities for the "four haves, three stresses and two fearlessnesses"--have ideals, morality, knowledge and physical strength; stress servicemen's appearance, courtesy and discipline; fear neither hardship nor sacrifice. The activities were called for by the PLA General Political Department. These activities have yielded very good results. All units at and above regimental level have basically achieved the general practice of abiding by the decrees in daily life and cases of discipline infractions have dropped drastically. A large number of advanced individuals and model collectives have emerged with their ardent love for the party and the people and their lofty ethics. During the first half of this year, 212 units and 6,769 individuals under the air force of the Wuhan PLA units were awarded for their merits.

(Li Yongtai), commander of the air force of the Wuhan PLA units, spoke at the rally held yesterday. He highly praised the new people and new deeds that have emerged in the course of the "three stresses" activities.

He pointed out that all cadres and fighters of air force units will effect a drastic change in their mental outlook and make a good impact on society as long as they realize that they are members of society as well as of the PLA and strive to achieve the following: neat appearance and bearing, orderly conduct, fraternal unity, modesty and comity, taking or not taking any action strictly according to orders given, strict discipline, attentive courtesy and the neat and clean appearance of the barracks. He called on all subordinate offices and units to make still better efforts in promoting the "three stresses" drive and strive to build a socialist spiritual civilization so as to stand the review by the masses of the people with actual deeds.

HUNAN'S SHAOSHAN EXHIBITION HALL ON MAO OPENED

OW252001 Changsha Hunan Provincial Service in Mandarin 1100 GMT 25 Jun 81

[Excerpts] The Shaoshan exhibition hall--former residence of Comrade Mao Zedong--has been opened to the public recently after a period of serious rearrangement in which the contents of the display were further reorganized and augmented.

In reorganizing and augmenting the display, the exhibition hall firmly abided by historical materialism and acted in the principle of seeking truth from facts. It focused attention on the need to make the display a historical and scientific reflection of Comrade Mao Zedong's revolutionary practice and an accurate representation of the magnificent contributions he made during the various historical periods of the revolution.

During the first revolutionary civil war period, an upsurge in the great revolution was whipped up by the Chinese Communist Party in cooperation with the Kuomintang led by Dr Sun Yat-sen. In the past, the display only reflected the positions and roles of Mao Zedong, Li Dazhao and other communists in promoting the cooperation between the Kuomintang and the Communist Party. Now the display pertaining to this part of history has been reorganized and augmented. It now gives a more comprehensive picture of the struggle waged against the rightist faction of the Kuomintang by Mao Zedong and other communists together with Soong Ching Ling, He Xiangning and other leftists in the Kuomintang in their efforts to persist in Dr Sun Yat-sen's revolutionary "three people's principles."

The 1935 Zunyi meeting was one in which Comrade Mao Zedong's leading position in the whole party was affirmed. The rearranging of the display by the exhibition hall concerning this part of history offers a more substantial introduction to Comrade Mao Zedong's contributions to the building of the revolutionary army and to the theory of revolutionary war. Meanwhile, it also presents a more comprehensive picture of the historical exploits performed by the proletarian revolutionaries of the older generation.

New contents have been added also to the display about Comrade Mao Zedong's revolutionary family. For example, added to the display is the October 1949 letter written by martyr Mao Anying to his uncle. In the letter he frankly expressed his views on how to carry forward the party's fine tradition to oppose the practice of asserting privilege, the practice of nepotism for personal gains and other such practices. He also noted in the letter that Comrade Mao Zedong was the most resolute in his opposition at the time against the practice of nepotism and seeking privileges.

GUIZHOU MEETING CALLS FOR FIGHTING DROUGHT

HK250141 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 24 Jun 81

[Summary] On 24 June the Guizhou Provincial CCP Committee and people's government held a telephone conference on fighting drought. The meeting called on the province to urgently mobilize, plunge into the struggle to fight drought and strive for a bumper harvest this year. Governor Su Gang presided at the meeting. Provincial CCP Committee Secretary Wang Chaowen made a speech. Vice Governor Zhang Yuhuan read out the provincial CCP Committee and government urgent circular on launching the struggle against drought.

Wang Chaowen said: "Drought has developed very quickly in most parts of the province since mid-June, with the result that rice transplanting cannot be carried out on some land, while some seedlings that have been transplanted have died for lack of water. The party committees and government at all levels and all sectors must pay sufficient attention to this problem and should by no means take it lightly. We must base our efforts on fighting drought for a long time to win a bumper harvest." At present it is necessary to work hard in both sowing and tending the crops and fight the drought in an all-round way. Crop losses must be reduced to the minimum.

The urgent circular of the provincial CCP Committee and people's government made the following demands: 1) do everything possible to fight drought, complete sowing and tend the young sprouts; 2) do well in managing the existing water conservancy facilities and make irrigation as effective as possible; 3) do a good job in producing, supplying and maintaining implements for fighting drought; 4) launch and rely on the masses to provide mutual aid and support in fighting drought; 5) strengthen leadership over the battle. Places where drought is serious must regard the struggle against it as the current central task, and the departments, organs, enterprises and PLA units must provide active support. The number of meetings should be cut down.

SICHUAN MEETING URGES IMPROVING LAW, ORDER

HK260339 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 25 Jun 81

[Summary] The 10th meeting of the 5th Sichuan Provincial People's Congress Standing Committee was convened on 25 June, Chairman Du Xinyuan presiding. Vice Chairman Li Zhongyi conveyed the spirit of the NPC Standing Committee's 19th meeting. Responsible persons of the provincial public security department, Higher People's Court and People's Procuratorate spoke on studying and implementing the resolutions of the NPC meeting on improving law and order.

The meeting held: "There are still many problems in social order in Sichuan. In the work of tidying up social order, it is necessary to severely and promptly punish according to law murderers, theives, rapists, arsonists, and other criminals who seriously sabotage social order. This is the requirement of the current struggle against criminals and law-breakers, and of upholding the people's democratic dictatorship and protecting the interests of the state and people. It is also the strong demand of the masses."

The meeting held: "It is necessary to conduct extensive propaganda and education among the masses in observing discipline and law, further eliminate the pernicious influence of beating, smashing and looting and ruin of the social atmosphere instigated by the Lin Biao and gang of four counterrevolutionary cliques, and create an excellent social atmosphere in which everyone observes and preserves law and discipline and boldly struggles against lawbreaking." The political and legal departments must launch a political offensive against lawbreakers and urge them to give themselves up, make a clean breast of things, accept remolding and become new people. It is necessary to punish with severity and speed the small number of criminals who commit serious crimes.

XIZANG'S YIN FATANG, OTHERS IMPROVE WORK STYLE

OW241110 Beijing XINHUA Domestic Service in Chinese 0137 GMT 24 Jun 81

[Report by XINHUA correspondent Huang Tingjun]

[Excerpts] Lhasa, 24 Jun (XINHUA)--Leading comrades of the Xizang Autonomous Regional CCP Committee have taken the lead in implementing the "guiding principles" to strengthen and improve the party leadership by carrying forward the work style of hard struggle and plain living and going deep into the grassroots units to conduct investigation and study.

"Putting Hongqi sedans in storage has become a favorite topic of conversation among the people. In May last year as soon as he took office, Yin Fatang, first secretary of the autonomous regional CCP Committee, told the administrative personnel: Riding in a car is for the purpose of getting the work done. It will do as long as there is a vehicle. The Hongqi sedan, however, consumes too much gas. I don't want it." With the top leader taking the lead, all other leading party and government comrades in the autonomous region declined to ride in Hongqi sedans. Thus, the six Hongqi sedans normally parked in the yard of the regional CCP Committee were put in storage. Secretary Redi of the regional CCP Committee and others were entitled to cooks but they all declined this special privilege in order to save state expenditures. They used the collective messhalls instead. Zhang Xiangming, deputy secretary of the autonomous regional CCP Committee, who has been working in Xizang for 30 years still lives in a house with 10 square meters of floor space.

The 62-year old Guo Xilan, secretary of the regional CCP Committee, often went to the rural and pastoral areas to get a picture of the people in production and their livelihood and helped solve problems arising from the responsibility system and implementing the economic policies.

Since he assumed office a year ago, Yin Fatang has visited 5 of the 6 prefectures and municipalites together with 29 counties.

XIZANG POLITICAL, LEGAL WORK MEETING CONCLUDES

HK260318 Lhasa Xizang Regional Service in Mandarin 1130 GMT 25 Jun 81

[Summary] The regional conference on political, legal and public security work concluded in Lhasa on 24 June. The conference studied the party Central Committee's instructions on strengthening political, legal and public security work, analyzed the state of public order in Xizang, unified thinking and got a clear idea of the tasks, policies and measures for public order work in the region. The conference decided that it is at present necessary to deal severe and rapid blows according to law at criminals and lawbreakers who seriously sabotage public order.

The conference held "It is particularly necessary to deal severe and rapid blows according to law at the very small number of murderers, arsonists, thieves, snatchers, rapists, bombers, leaders of thug gangs, instigators, habitual criminals, leaders of smuggling rings, people who damage or steal cultural relics, and other criminal elements who seriously sabotage social order. It is also necessary to select typical cases for public trial in the presence of the masses, after the legal procedures have been completed. This will promote uprightness, encourage the people's fighting spirit and frighten the criminals."

The conference held: "The focus of tidying up social order should be in the urban areas, organs, enterprises, and a few agricultural and pastoral areas where the crime problem is serious. While grasping the cracking of major cases, it is also necessary to promote public security work in general. It is necessary to maintain strict border controls, maintain law and order at the border, and strengthen the border defense struggle against the enemy. It is necessary to do a good job in labor reform and education work." The conference stressed: "According to the spirit of the relevant central instructions, the party committees at all levels must put comprehensive improvement of social order on their agenda and make unified arrangements for the work. They must commend those who do well in promoting order and help those units having many problems in law and order to solve them."

XIZANG RIBAO Editorial

HK260321 Lhasa Xizang Regional Service in Mandarin 1130 GMT 25 Jun 81

[Report on 25 June XIZANG RIBAO editorial: "Seriously Tidy Up Social Order and Resolutely Deal Blows at Criminal Activities"]

[Excerpts] The editorial says: Since the 3d plenary session of the 11th Central Committee, and especially since implementing the important central instructions on work in Xizang, a political situation of stability, unity, liveliness and vigor has started to appear in our region, as in the rest of the country. The political and economic situation is very good. Generally speaking, there has also been some turn for the better in the law and order situation in the region. However we must also clearly realize that factors of instability still exist amid the excellent situation. The crime situation in the region is rather serious. This shows that although the class struggle is no longer the chief contradiction in society, it does still exist within a certain scope, and is even quite serious at times. We must therefore maintain a high degree of vigilance and wage a resolute and effective struggle. We must certainly not take the problem lightly. We must rapidly change the mental outlook of avoiding difficulties and failing to take action and correct the lack of prompt and effective action against criminals who commit serious crimes.

The editorial says: The whole of society is concerned for the law and order problem. In order to tidy up law and order in society, the whole party must get to work, deal with the problem in a comprehensive way, and fundamentally solve the problems. Under the leadership of the party committees at all levels, we must bring into full play the functional roles of the political and legal and public security departments, organize all departments to closely coordinate their efforts, fully launch and rely on the masses and follow the mass line.

YUNNAN RIBAO ARTICLE ASSESSES PARTY'S WORK

HK250152 Kunming YUNNAN RIBAO in Chinese 28 May 81 pp 1, 2

[Contributing commentator's article: "Take a Correct View of the Party's Achievements and Mistakes"--capitalized passages published in boldface]

[Text] How should we treat the party's achievements and mistakes? This is an important question which every revolutionary comrade often encounters and must correctly answer. The successful answering of this question will be of great significance to enhancing people's faith in the party, upholding party leadership and promoting the great case of the four modernizations.

Over the past 60 years since its founding, our party has been bravely fighting for the causes of the Chinese people's liberation and socialism. During this long historical process, we have followed an extremely tortuous course. We have made glorious achievements as well as disheartening, grave mistakes. Like all other matters, both achievements and mistakes have a dual character. Whether or not we can take a correct view of the party's achievements and mistakes often leads to entirely different results. Brilliant victories and tremendous achievements enhance people's vigor and fill them with joy. If we can guard against arrogance and rashness and remain modest and prudent after achieving victories, we will be able to make persistent efforts, advance on the crest of victories and achieve even greater victories and success. For example, after the victory of the war of resistance against Japan, we soon achieved the victory of the war of liberation. After the founding of the PRC, we soon achieved the victories of the land reform, the war to resist U.S. aggression and aid Korea, and the three great transformations. However, if we are conceited and imprudent and do things blindly after we have achieved victories, we will meet with setbacks in our revolutionary cause. Different attitudes toward victories produce different results. Similarly, whether the attitude toward mistakes is correct or incorrect will also yield different results.

If we are utterly disheartened and if we lose our confidence in making advances in the face of mistakes and setbacks, then, as Lu Xun pointed out, "When the revolutionary army is advancing, there are people who leave the army, take flight, become dispirited or turn traitor." On the contrary, if we deal with setbacks and mistakes with a correct attitude, maintain revolutionary optimism and conscientiously sum up experiences and lessons, we will realize that "a fall into the pit, a gain in our wit." Then, we will change our mistakes into valuable assets and achievements. For example, when our party was just founded, our revolutionary cause met with setbacks. After the Zunyi meeting, particularly during the Yanan rectification movement, our party thoroughly criticized the mistakes of the "leftist" and rightist opportunist lines, penetratingly summed up the experiences and lessons and greatly enhanced its Marxist-Leninist level. Henceforth, the revolutionary cause progressed with irresistible force, and we achieved great victories. This shows that whether we can adopt a correct attitude toward the party's achievements and mistakes is an important question which has a vital bearing on the success and failure and the progress and retrogression of our revolutionary cause. As far as the individual is concerned, this is a question which has a great bearing on whether he will lag behind and withdraw from the army. Thus, we should not treat this lightly.

At present, taking a correct view of the party's mistakes has realistic significance.

Everyone knows that due to the disruption and sabotage of Lin Biao and the "gang of four" in the name of the party, due to the blunders in our party's guidance and due to Comrade Mao Zedong's mistakes in his declining years, there have been great losses to our revolutionary cause and disasters to the people. As we had not thoroughly corrected the "leftist" mistakes and we were too anxious for quick results in the first 2 years following the smashing of the "gang of four," some people did not take a correct view of the party's mistakes. They even doubted whether the party was great, glorious and correct and whether the party had the ability to lead the four modernizations. Obviously these comrades have adopted a wrong approach and attitude. They did not know how to adopt a dialectical materialist viewpoint to deal with the mistakes which emerged in the party's tortuous course and on the road of advance. They did not know how to assess whether or not a political party is advanced or to assess its fighting capability. Thus, they inevitably came to erroneous conclusions.

How should we correctly treat the party's mistakes in practical work? I will discuss this question in four areas.

WE MUST HISTORICALLY TREAT THE PARTY'S MISTAKES AND MUST NOT SET UNREALISTIC DEMANDS

According to Marxist dialectics, there is no straight road in the world and it is impossible to make achievements without encountering difficulties. There is no person who never makes mistakes. Similarly, there is no political party which never makes mistakes. The CCP, which is equipped with Marxism-Leninism-Mao Zedong Thought, is an experienced and mature party. However, these experiences have not been acquired easily. Our party has undergone complicated struggles in the past and the present. It can neither be a perfect and flawless sage nor an omnipotent fairy. It is impossible to demand that it should make no mistakes at all in its work. Fundamentally speaking, the party wants to successfully deal with the people's affairs. It does not deliberately make mistakes. However, making mistakes is a cognitive process in the objective world. Understanding and mastering the objective law is a repeated process of practice. This is not an easy thing. Sometimes, due to the limitations of various conditions, the subjective understanding cannot correctly reflect the objective reality and mistakes will inevitably occur. Moreover, objective matters are always developing and changing. Thus, we must continuously resolve the contradictions between the subjective and the objective. When we have a correct understanding, we will make achievements. However, when the situation has changed and developed, if we do not integrate the subjective with the objective and integrate theory with practice in a specific and historical way, then we will inevitably make mistakes.

As everyone knows, our party is leading such a populous country to achieve socialist construction under extremely difficult and complicated conditions. Socialism is a new, great practice. Under the actual conditions of China, how should we achieve socialist construction and the four modernizations? There are no models and our experiences are far from adequate, nor do the Marxist-Leninist works provide such answers. Although Marx and Engels founded the theories of scientific socialism more than a century ago, these theories were not put into social practice at that time. Lenin and Stalin led Russia to make revolution and achieved success. They acquired experiences in socialist revolution and socialist construction. However, China's conditions are different from Russia's. Moreover, the situation in the Soviet Union changed later. Thus, we cannot mechanically copy from it. To proceed from China's actual conditions and follow China's own way, we must, in the final analysis, depend on our own party and our people's practice, exploration, summation and creation. Thus, in this process, it is neither surprising nor evitable for shortcomings and mistakes to occur. As Lenin pointed out: "Defects, mistakes, blunders in such a new, difficult and great undertaking are inevitable." ["Collected Works of Lenin," vol 30, p 475] Of course, this does not imply that the more mistakes we make the better, or that making mistakes is something trivial and negligible. On the contrary, proceeding from the people's interests, the party has been trying to make as few and as minor mistakes as possible. In particular, it has tried to avoid repeating mistakes of a similar nature. When mistakes occur, it rapidly corrects them and continues to advance. Here, we only want to clarify one point: We should not make the excessive demand that people should not make any mistakes or that a party should not make any mistakes. This is the attitude adopted by historical materialists.

WE MUST ADOPT A CORRECT VIEW TOWARD THE PARTY'S MISTAKES AND MAKE AN ACCURATE QUALITATIVE ANALYSIS OF THE PARTY'S ACHIEVEMENTS AND MISTAKES

Comrade Mao Zedong pointed out: "We must attend to the quantitative aspect of a situation or problem and make a basic quantitative analysis. Every quality manifests itself in a certain quantity, and without quantity there can be no quality." ("Selected Works of Mao Zedong," vol 4, p 1332) He also pointed out: "Within the revolutionary ranks, it is necessary to make a clear distinction between right and wrong, between achievements and shortcomings and to make clear which of the two is primary and which secondary. For instance, do the achievements amount to 30 percent or to 70 percent, or vice versa. If his achievements amount to 70 percent of the whole, then his work should in the main be approved. It would be entirely wrong to describe work in which the achievements are primary as work in which the mistakes are primary." [ibid, vol 4, p 1334] After our party has made certain mistakes, some of our comrades regard our party leadership as devoid of any merit and utterly hopeless. One of the important reasons for this is that they lack a basic analysis of achievements and mistakes and they fail to grasp the whole picture of the situation. They look at problems from a metaphysical point of view, overgeneralize, seize on a trifle and neglect other points. They see only the mistakes but not the achievements. They can see the work of a certain period and stage but cannot see the work of history as a whole. They can see the seriousness of the problems but cannot see the corrections. They take a part for the whole, a phenomenon for the essence, and nonessentials for essentials. In this way, we will inevitably distort the questions and take an erroneous view.

In his speech at the meeting in celebration of the 30th anniversary of the founding of the PRC, Comrade Ye Jianying said: "While acknowledging past mistakes and setbacks, we must at the same time fully appraise the achievements and the victories we have scored in overcoming difficulties and setbacks."

In fact, over the past 31 years since the founding of the PRC, the achievements made by the people under the leadership of the party have been remarkable. The founding of new China marked the end of the situation characterized by "demons and monsters running amok for a century." Since then, the Chinese people have stood up. This is the greatest event in the revolutionary history of the international proletariat since the October Revolution.

With the establishment of the state regime of the people's democratic dictatorship, the abolition of the exploitation system which lasted for several thousand years, the transformation of the system of private ownership by small producers and the setting up of the socialist public ownership of the means of production, the Chinese people, who account for more than one-fifth of the world's population, have entered socialist society. This has been the most tremendous and most profound change in the history of our country. Through their unremitting efforts and upon the foundation of the "poverty and blankness" inherited from old China, the Chinese people have build up independent and fairly comprehensive industrial and economic systems and have created a reliable springboard for the four modernizations. The construction of socialist culture has developed remarkably and the level of ideological consciousness of the people has generally been raised. At the same time, we have established a consolidated national defense and our great motherland has stood on its own feet in the family of nations. In the 10-year-old great battle which determined the destiny of the party and the state, people throughout the country, under the leadership of the party, defeated the Lin Biao and the "gang of four" counterrevolutionary cliques, and saved the party, the state and the socialist cause. Particularly since the 3d Plenary Session of the 11th CCP Central Committee, the party Central Committee has resolutely adopted a series of measures to turn chaos into order, recovered the original features of Marxism-Leninism-Mao Zedong Thought, realistically and correctly solved a series of major historical issues and scientifically analyzed the political and economic situation. It has firmly decided to adopt the strategic policy of shifting the focus of work to the modernization program and once again affirmed the Marxist ideological, political and organizational lines. Recently, since the central work conference put forth the major principle of carrying out further economic readjustment and political stability, it has further consolidated and developed the excellent situation and further built up the whole Chinese people's confidence in achieving the great goal. All this irrefutably shows that despite our mistakes and setbacks and from an overall point of view, our party's mistakes are of secondary importance in comparison with its achievements and magnificent contributions. This way of looking at the past 31 years conforms with the reality of history and with revolutionary dialectics. As the victories and successes achieved by the party are of primary importance, we must fully affirm its leadership, willingly subject ourselves to its leadership and continue to eliminate the influence caused by previous mistakes. We should not let our major achievements be overshadowed by minor mistakes and adopt a skeptical attitude toward the party.

WE MUST TAKE A CORRECT VIEW OF THE PARTY'S MISTAKES AND MUST REALIZE THE PARTY'S POSITIVE ATTITUDE TOWARD OUR MISTAKES

Whether a political party of the proletariat has the ability to lead the revolutionary cause forward should not be judged primarily by whether it has ever made any mistakes or by how many mistakes it has made, but by whether it can depend on its own strength to correct its mistakes and continue to make progress after making mistakes and meeting with setbacks. Lenin said: "The attitude of a political party toward its own mistakes is one of the most important and surest ways of judging how earnest the party is and how it fulfills in practice its obligations toward its class and the toiling masses. Frankly admitting a mistake, ascertaining the reasons for it, analyzing the conditions which led to it, and throughly discussing the means of correcting it--that is the earmark of a serious party." ("Selected Works of Lenin," vol 4, p 213) Our party is a serious one just as Lenin described such a party. Making a comprehensive study of the past 60 years of history, we can clearly see that although our party has made mistakes on the road of advance and although the mistakes have caused different degrees of loss to the party and the people, the party has never tried to conceal its mistakes. On the contrary, it has been bold in admitting its own mistakes before the whole Chinese people, in criticizing its mistakes, in correcting them with the greatest breadth of spirit and greatest determination, and in advancing by continuously overcoming its mistakes and overcoming its setbacks. During the democratic revolution, the party seriously corrected several rightist and "leftist" mistakes in the line.

Since the founding of the PRC, the party has tried its best to correct in accordance with the historical conditions the mistakes which occurred in several periods. In particular, since the 3d Plenary Session of the 11th CCP Central Committee, it has comprehensively corrected its own mistakes. All this fully demonstrates that our party has proved itself to be a mature Marxist-Leninist party and a party which faithfully represents the people's interests. Should we not have full confidence in such an open and aboveboard party? Honestly speaking, there has never been any political party in our country which has been so bold in self-criticism and in openly acknowledging its own mistakes. Never has there ever been any political party which is more powerful, more prestigious and more capable of representing the people's interests. When the broad masses of people believe in the party, it means that they believe the party is able to realize and correct its own mistakes for the sake of the people's interests.

Some comrades realize that the party has the spirit of self-criticism and the courage to correct its own mistakes through its actions. However, they do not understand why the party repeatedly makes mistakes of a similar nature. This is why they lack confidence in the party. With regard to these comrades, we would like to clarify one point, hoping that this will raise their level of understanding. We must pay attention to whether the party has eventually realized its own mistakes and thoroughly corrected them. This is the crux of the question. During the democratic revolution, Chen Duxiu made some rightist opportunist mistakes. In addition, our party successively made three "leftist" opportunist mistakes. The "leftist" mistakes made by Wang Ming, in particular, caused extremely severe losses to the revolutionary cause. We can call this repeating mistakes of a similar nature. The reason for this was that the party at that time did not fully realize its own mistakes and could not thoroughly correct them. However, after the Zunyi meeting, particularly after the 1942 large-scale rectification movement under the leadership of Comrade Mao Zedong, our party thoroughly criticized the "left" opportunist mistakes in the line through studying the theories, integrating with practice, unfolding criticism and self-criticism and summing up experiences and lessons. After that, our party did not make any "left" opportunist mistakes in the line until the victory of the democratic revolution. Historical experiences tell us that we should not focus our attention only on whether the party has made similar mistakes. Instead, we should pay attention to whether our party can really realize and thoroughly correct its mistakes. On this basis, we should have confidence in the party. Similarly, during the socialist revolution and socialist construction after the founding of the PRC, our party made many mistakes. In particular, it repeatedly made "leftist" mistakes. A fundamental cause of this is that the party did not really reocgnize that the "leftist" mistakes were the primary mistakes, mistakes of overall importance and mistakes in the guiding ideology. However, like the Zunyi meeting and the Yanan rectification movement which marked the party's complete departure from the "leftist" mistakes, the party's complete departure from the "leftist" mistakes, the party's 3d Plenary Session of the 11th CCP Central Committee and the central work conference in December 1980 marked the party's complete departure from the "leftist" mistakes in the socialist period. We have every reason to believe that when the level of the whole party's Marxist-Leninist-Mao Zedong Thought has been greatly enhanced, China's socialist modernization will steadily and healthily develop under the party's correct guidance and we will achieve our goal. All pessimistic viewpoints are ungrounded.

WE MUST TAKE A CORRECT VIEW OF THE PARTY'S MISTAKES, TAKE THE STAND OF CARING FOR AND LOVING THE PARTY; MAKE CONCERTED EFFORTS WITH IT, STAND TOGETHER WITH IT THROUGH THICK AND THIN AND HELP IT TO OVERCOME ITS MISTAKES AND SURMOUNT THE DIFFICULTIES

Every political party belongs to a certain class. It manifests and represents the wishes and interests of its own class. Our party is a political party of the proletariat. It only represents the people's interests. It does not have its own special interests. The Chinese people have pinned great hopes on it. The people cannot be separated from the party, nor can the party be separated from the people.

The party's achievements and mistakes are closely connected with the people. Thus, it is the responsibility of the people to care for, love and help their party. Such care and love should be shown by standing together with the party through thick and thin, by helping the party to correct its mistakes and by sharing its sorrows when the party makes mistakes and meets with setbacks. While helping the party to make corrections, people can temper themselves and raise their own level of consciousness. This is the reflection of a high level of consciousness and the attitude of being masters of their own affairs.

As the old Chinese saying goes, "every man has a share of responsiblity for the fate of his country." In the late Ming Dynasty, Gu Xiancheng, a member of the Donglin academic group, wrote a couplet which bears a similar meaning: "Winds, rains and recitations, all fill my ears, family affairs, state affairs and world affairs, all fill my heart." Through the ages, there have been many people with lofty ideals who hold themselves responsible for the fate of their country and who care about state affairs and world affairs with a strong sense of responsibility. China's modern history shows that during the opium wars, the Taiping Heavenly Kingdom movement, the Yi He Tuan movement, the revolution of 1911 and the northern expedition, numerous patriots with lofty ideals stepped forward bravely, made tremendous efforts and even shed their blood in order that China would soon become independent and prosperous instead of being bullied and humiliated by the imperialists. Their noble spirit is still alive and is respectable. In the 60 eventful years of revolution and construction under our party's leadership, comrades inside our party as well as millions of comrades outside our party have been eager to help the party, have stood together with the party through their actions, have overcome all difficulties and eventually achieved great victories. Today, when we are marching toward the great goal of building China into a modern socialist power, it is even more imperative that we develop the spirit of sharing weal and woe with our party and making concerted efforts to fight for the realization of the great goal. If we take an observer's stand of finding fault with the party and describing the party as good-for-nothing by seizing on some mistakes which the party has corrected or is correcting, we will inevitably kindle pessimistic feelings which sap people's morale. This will be harmful to the party and the people's cause and will make solvable problems unsolvable and difficult problems more difficult. Thus, people adopting this attitude do not genuinely love and help the party. This is not the attitude taken by people with a high level of consciousness.

History has proved and will continue to prove that the great, glorious and correct CCP is completely capable of braving all storms and that it has the strength, confidence and capability of overcoming all difficulties and obstacles and of leading the whole Chinese people in realizing the great goal of building a socialist power. This trend of development cannot be changed by any other force. The whole party and people must rally around the party Central Committee. This is where our strength lies. This is the guarantee for the triumph of our cause. We firmly believe that a magnificent modern socialist China will appear in the East of the world with a new heroic posture and will shine with dazzling radiance.

HEBEI PROBLEMS IN RURAL RESPONSIBILITY SYSTEMS

HK250151 Shijiazhuang Hebei Provincial Service in Mandarin 0430 GMT 16 Jun 81

[Station commentator's article: "It Is Essential To Solve Seriously and Well the New Problems After Linking Remuneration to Output in Wheat Cultivation"]

[Text] Since wheat sowing last autumn, many places in our province have implemented the responsibility system of linking remuneration to output in wheat cultivation. The wheat is now being reaped. Solving the new problems after linking remuneration to output in wheat cultivation in the course of summer harvest has a bearing not only on whether we can do well in this year's summer harvest but also on whether we can perfect and develop the wheat production responsibility system next year.

Due to drought and different conservancy conditions in various places, wheat grew very unevenly this year. Wheat production in some places dropped rather a lot. Actual output differed greatly from the fixed quotes for production. How to rationally readjust the original fixed quotas for production in the light of this new situation is an important problem which should be solved in implementing the responsibility system of linking remuneration to output in wheat cultivation. In the light of the experiences of some communes and brigades, to solve this problem well, we must follow the mass line and universally listen to the masses' opinions.

Some communes and brigades have considered the masses' labor and investment in wheat management and paid attention to the different effects of the water conservancy projects in various kinds of wheat fields. They have divided their wheat fields into several categories according to the number of times they were irrigated. The average output of a category of field has been taken as the base figure for the fixed quotas for production. Some communes and brigades have increased or reduced their fixed quotas for production according to their actual output. Due to drought, some places have given work points by way of remuneration. These methods are feasible. On the basis of full mass discussions, all places must adhere to the principle of not making those commune members suffer who contracted for output of the fields for which they are responsible, and to the principle of fairness and reasonableness, and readjust the fixed quotas for production according to the actual situation.

How to do a good job in reaping and threshing is another important problem in implementing the responsibility system of linking remuneration to output in wheat cultivation. In the past, some places fixed the contracted output by the method of estimating output according to the fields or by random sampling. They can also do this, so long as the masses agree. Judging from the majority of communes and brigades which link remuneration to output, commune members tend to apply the method of per-mu yield and per-mu threshing. To satisfy this demand of the masses, it is necessary to solve seriously and well the problem of grounds for threshing wheat and the problems of transport, threshing, and grinding machines. Some communes and brigades have appropriately expanded the grounds for threshing wheat and arranged tractors, threshers, grinders and means of transport in a unified way for the use of the contracting households, who pay the machine operators or pay certain expenses to production teams for the use of these machines. After reaping and threshing, they weigh the wheat on the spot and determine the output. The fixed quotas for production will be allocated by the collective in a unified way and the quantity which exceeds the quotas will be given to the contracting households in accordance with the regulations. These methods are also simple and feasible and can be notified to all places for reference.

In places where, in accordance with the spirit of the directive of the provincial CCP Committee, the dry-land wheat output quota is fixed for each household or each household is fully responsible for the dry-land wheat output quota, even though the base figure of the fixed quotas may be slightly low, commune members whose output quotas are fixed have paid a very high price and put in a lot of hard work for their good or comparatively good harvest of wheat. The local communes and brigades must resolutely act in accordance with the original fixed quotas for production to win people's confidence.

The time for summer harvest is pressing and it is imperative to implement the policy on summer harvest. We must not disregard the policy just because time is pressing and the task is arduous. We must also not be negligent in implementing the policy and lose people's confidence.

It is hoped that all places will handle properly and well all kinds of new problems after linking remuneration to output in wheat cultivation. We must also pay attention to summing up experiences and lessons, do well in this year's summer harvest and lay a good foundation for further putting the wheat production responsibility systems on a sound basis.

RENMIN RIBAO SHANXI PLA CLEARS IDEOLOGICAL PROBLEMS

HK250331 Beijing RENMIN RIBAO in Chinese 19 Jun 81 p 5

[Report by RENMIN RIBAO reporters Yan Wu [7051 0710] and Peng Ziqiang [1756 1311 1730] and correspondent Song Zwiyao [1345 1807 5069]: "Shanxi Military District CCP Committee Eliminates Ideological Barriers and Strengthens Cadre Unity by Conducting Criticism and Self-Criticisms"]

[Text] The CCP Committee of Shanxi Military District recently held a meeting which seriously studied the spirit of the central work conference and the all-PLA political work conference, further eliminated "leftist" ideology, enhanced spontaneity to carry out the party's line, principles and policies, solved the problem of alienations among cadres which had existed for a long time, and mobilized the cadres' enthusiasm.

Shanxi Military District underwent several upheavals during the "Great Cultural Revolution", which caused serious cracks in the cadre force. After the "gang of four" were smashed, many people were erroneously criticized and punished in the course of investigatory work. This hurt the feelings of the comrades, and from the military district party committee leadership group down to the cadres at all levels, there were a number of people in low spirits and unable to work together. Hearing that the party committee was to convene a summation and review meeting, some comrades who had suffered punishment got ready to settle old scores and "vent their spleen" at the meeting; comrades who had made certain mistakes in carrying out policies became very worried about this and felt themselves under pressure, fearing that they would be "embarassed"; some of the cadres worred that the meeting would be held in a superficial way; while others worried that if it was not a success they would be "turned over on the griddle and roasted again." With the help of a Beijing military region work group, the provincial military district CCP Committee carried out painstaking ideological work and enabled everyone to understand that the main task of the meeting would be to sum up and review people's understanding and implementation of the line, principles and policies laid down since the third plenary session and to absorb the proper lessons and experiences, and that it was not aimed at investigating people's responsibilities, carrying out examination at all levels and making everyone "go through the ordeal". It would be necessary to link up with certain situations of the past, the better to sum up experiences and lessons, but people would not be able to bring up old scores or vie with each other to see who was better.

Having clearly understood the aim of the meeting, the great majority of comrades changed their feelings about the matter. As a result the meeting went very smoothly and was imbued with an atmosphere of reconciliation. The meeting revived the good traditions of party life, and launched comradely criticism and self-criticism; everyone aired their views, cleared their thinking and eliminated the alienations. The principal responsible person of the party committee conducted sincere self-criticism with regard to certain major questions of principle, and spontaneously took the responsibility; following him, cadres who had said or done wrong things got rid of their grudges; and comrades who had been wronged regarded the overall situation as the most important thing and expressed forgiveness, saying: Our sufferings were caused under the historical conditions of the time, and it is all right now so long as the organization treats us fairly. For the sake of stability and unity, we must certainly not make a fuss about individual favors or grudges. Kong Defa [1313 1795 3127], deputy head of the Xiangcheng County People's armed forces department, was erroneously made to undergo screening in 1974, and his relatives too were also involved. After his rehabilitation, he wrote to the provincial military district CCP Committee, saying: "The more I look back, the more pessimistic I am, but the more I look ahead the more optimistic I am; tomorrow is always better than today, the universe is vast so long as one is unselfish." He happily took up a new work post and actively exerted himself for the building of the units and militia. He thus expressed the breadth of mind of a communist and a revolutionary cadre.

HEILONGJIANG ARTICLE VIEWS ECONOMIC ACHIEVEMENTS

SK252154 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 24 Jun 81

["Excerpts" of article by (Chen Junyan), director of the finance and trade office of the Heilongjiang Provincial People's Government: "Develop Economy, Guarantee Supply, Sum Up Past Experiences and Make More Contributions"]

[Excerpts] In his article, (Chen Junyan) summarized our province's financial and trade achievements in the past 32 years under the leadership of CCP committees and governments at all levels:

1. Persist in adopting the principle of developing the economy and guaranteeing supplies to promote industrial and agricultural production and all undertakings and strive to do a good job in supplying materials for agriculture and raw materials for industry. Since 1952 our province has supplied 11.89 million tons of chemical fertilizer to the countryside, 410,000 tons on average annually. In 1980 the annual supply of chemical fertilizer rose to 1.6 million tons, a 45 percent increase over the 1965 figure. We have applied an average of 25 jin of fertilizer to each mu of crops and supplied 260,000 tons of agricultural chemicals to peasants, an average of 9,000 tons annually. In 1980 the annual supply rose to 23,000 tons.

In 1980 the procurement value of local industrial goods was 5.77 billion yuan, 7 times the 1956 figure and more than twice the 1965 figure. The procurement of farm and sideline products has also increased annually. The value in 1980 was 2.65 billion yuan, an increase of 550 percent over that of 1956. Owing to the rural economic policies adopted since the 3d Plenary Session of the 11th CCP Central Committee, our province has reaped successive good harvests. We procured 11.15 billion jin of grain in 1980, an increase of 5.1 billion jin compared with 1956, a 4.9 billion jin increase over 1965 and a 600 million jin increase over 1979--the highest figure ever achieved. We procured more than 3 million hogs in 1980. We spent 540 million yuan in developing cultural, educational and public health undertakings in 1980, a 5 fold increase over 1956.

2. Strive to do a good job in market supplies and improvement of the people's livelihood. Retail commodity sales in 1980 totaled 9.3 billion yuan--the best figure ever--an increase of 4 fold over 1956 and 2 fold over 1965. In recent years, we have guaranteed the supply of products needed by the people, including grain, vegetables, pork, sugar, cotton cloth, knitwear and textile products, clothing, shoes, hats, soap, matches, vacuum bottles and machine-made paper. Owing to an increase in wheat output and procurement, the supply of flour and rice has improved. We have also guaranteed the supply of grain for industrial use. Pork, once rationed by coupons, is now in ample supply. The average per capita pork consumption in urban areas, including pork used for processing, was 33 jin in 1980, a record. Commercial and supply and marketing departments have actively organized industrial goods to rural areas so as to expand commodity supplies and enliven the circulation of commodities between towns and cities. Thanks to implementation of the directives issued by the State Council and the provincial people's governments on stabilizing market prices, commodity prices are relatively stable.

3. We have increased state revenue and enlivened monetary work. Our province's revenue in 1980 reached 1.7 billion yuan, an increase of 130 percent over 1956 and 70 percent over 1965. Last year our province had a surplus of more than 300 million yuan, the highest figure ever achieved in the province and one of the best figures in China.

4. We have developed the volume of imports and exports since 1953.

5. We have continuously strengthened political and ideological work and trained and fostered a financial and trade contingent composed of 700,000 persons, a 100 percent increase over 1965.

HEILONGJIANG ENFORCES FIREARMS CONTROL REGULATIONS

SK260156 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 25 Jun 81

[Text] With the approval of the Heilongjiang Provincial People's Government, the provincial public security office promulgated specific regulations on firearms control on 25 June to safeguard public security and protect the state and the property and lives of the people. These regulations on improving firearms control are in accordance with the 31st article of the PRC regulations on firearms control.

The regulations govern the control of various firearms and ammunition, such as pistols, rifles, submachineguns, machineguns, various guns used in shooting events and hunting activities and air guns using pellets. Firearms possessed by the PLA, militiamen and the people's armed forces along the frontiers should be governed by the relevant regulations used by the army and militia.

These regulations consist of 14 articles. Those who violate the regulations will be punished according to the seriousness of their case and in line with disciplinary measures and public security laws. Serious infractions will invite criminal penalties.

BRIEFS

HEILONGJIANG LIVESTOCK PRODUCTION--Heilongjiang Province has markedly increased livestock production since the PRC's founding. The number of livestock in 1980 was 12.78 million. By the end of March 1981, there were 84,000 head of milk cows and 3.33 million head of sheep. Compared with 1949, in 1980 the province's marketable hog figure increased 8 times; marketable cattle, 46 percent; and marketable sheep and dairy products, 13 times. The province procured 16 million jin of sheep wool and 27 million jin of eggs in 1980, 52 times and 3 times, respectively, greater than the 1949 figures. In 1980 per capita meat consumption was 24 jin; milk, 8.7 jin; and eggs, 5.7 jin. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Jun 81 SK]

JILIN INDUSTRIAL, COMMUNICATIONS CONFERENCE--The industrial and communications department under the Jilin Provincial CCP Committee, the provincial economic commission and the provincial trade union council convened a joint telephone conference 25 June to urge the broad masses of staff members and workers on the industrial and communications front across the province to gain a clear understanding of the situation, seize opportunities and go all out in engaging in third quarter production to make the greatest contributions in fulfilling the annual production plans. The conference contended: There are still many problems facing the front in fulfilling the annual state assignments in an all-round way and achieving increased income in line with increased output: The key to the fulfillment of the second half production plan is the third quarter. The conference urged the front to make all-out efforts in third quarter production and adopt measures to achieve success in 1981's production. Comrade (Wang Yingde), chairman of the provincial trade union council, presided at the conference. Comrade Dong Xin, deputy governor of the province, addressed the conference. Changchun and Jilin Municipalities, during the conference, set up additional meeting sites. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 25 Jun 81 SK]

HONG KONG PAPER ON HUA GUOFENG'S RESIGNATION

HK260802 Hong Kong MING PAO in Chinese 26 Jun 81 p 4

[Special dispatch: Political Bureau's Meeting Unanimously Approves Hua Guofeng's Resignation From Party Chairmanship]

[Text] One of our readers was recently returned to Hong Kong from Beijing. He told our reporters yesterday afternoon: The preparatory meeting for the sixth plenary session of the CCP Central Committee is being held in Beijing and the session will be held in a few days. The resignation of Hua Guofeng, CCP chairman, is already a foregone conclusion. As a matter of fact, that was decided last year. Many cadres and the masses in Beijing are referring to the 1981 "No. 4 document" when they talk about this. The document was issued by the Central Committee in January this year. It was relayed to middle-level cadres, but it was soon distributed to many cadres at lower levels and to the masses. The main contents of it are as follows:

In the last 10 days of last August, the Political Bureau of the CCP Central Committee held an enlarged meeting to discuss letters written by many party members to the Central Committee objecting to Hua Guofeng's continuing to hold the post of chairman of the CCP Central Committee. Later, it was again discussed by the Standing Committee of the Political Bureau. Hua Guofeng's problems are mainly in the following areas:

1. Smashing the gang of four was the outcome of the common efforts of the broad masses, the cadres, the party members, the army and a large number of high-ranking leaders. It was not the merit of any single individual at all, although Hua Guofeng played an important and positive role in it. But Hua Guofeng claimed credit for himself and thought it was all done by his own efforts. This is not in conformity with facts.

2. The "two whatevers" were first put forth by Hua Guofeng and were afterward developed into the "theory of the whatever faction" upheld by Wang Dongxing and others. Hua Guofeng's ideological line inclined to the "ultraleftist" views.

3. After he assumed the office of party chairman, he did not do anything to eliminate the errors of the Cultural Revolution. On the contrary, he openly stated that the Great Cultural Revolution would be carried out repeatedly in future.

4. He continued to practice the personality cult. He encouraged and agreed to being addressed as "Wise Leader Chairman Hua". That has stopped only in the first half of 1980.

5. Although erroneous leadership in economic work done in 1977 and 1978 chiefly resulted from insufficient experience of the whole party and the government, and he cannot be asked to answer for it alone, being the party chairman and premier of the State Council, he unavoidably had a grave responsibility for it.

6. His political ability, ideological understanding and organizational capability were not adequate to lead a great party such as the CCP. He did not have military leadership capability and experience and was not competent to hold the post of chairman of the Military Commission.

From the middle of November, 1980 to the beginning of December, 1980, nine meetings were held in succession by Central Committee Political Bureau. Liu Bocheng and Nie Rongzhen were absent from those meetings because of illness, but Nie Rongzhen aired his views in written form expressing his agreement with the resolution of the Political Bureau. Chen Yonggui and Seypidin were not asked to attend the meetings. Members of the CCP Central Committee Secretariat took part in some of the meetings but they did not participate in the voting. Everybody exchanged views calmly. Hua Guofeng was present at all the meetings and made a self-criticism. The meetings were held in a harmonious atmosphere. Although there were difference of opinions, no one tried to force his views on others and far less was there any struggle.

Ye Jianying was present at all the meetings. When Hua Guofeng requested the Political Bureau to approve his resignation, the Political Bureau unanimously agreed. Ye Jianying also raised his hand to express his agreement.

All members of the Political Bureau hoped that Deng Xiaoping would assume the office of party chairman, but Deng resolutely declined suggesting Hu Yaobang as the party chairman, to which everybody finally agreed. All the members requested that Deng be chairman of the Military Commission. Deng Xiaoping agreed to hold the post of chairman of the Military Commission for 2 years, which would be reconsidered afterward. He would then offer his post to an appropriate younger candidate.

It was decided at one of the meetings that although Hu Yaobang and Deng Xiaoping did not have the titles yet, they should immediately perform the duties of the posts. Hua's resignation and the appointments of Hu and Deng to new posts had to be approved by the sixth plenary session of the CCP Central Committee. Before the opening of the sixth plenary session of the CCP Central Committe, Hua Guofeng was to think about his own problems. He was still to receive foreign guests as the party chairman but no longer perform the duties as such. The Political Bureau suggested that the sixth plenary session of the CCP Central Committee should elect him as Vice Chairman of the CCP and member of the Polical Bureau Standing Committee.

Immediately after, the Central Committee work conference was held at which Deng Xiaoping made an important speech.

The reader who supplied us with the news said: "Zhong Fa No. 4 document" was issued more than half a year ago. New decisions may have been made by the Political Bureau during this period. For example, it is not certain whether Hua Guofeng will still be elected as vice chairman and a member of the Political Bureau Standing Committee.

PAPER COMMENTS ON HUA GUOFENG'S POLITICAL FUTURE

HK261054 Hong Kong CHENG MING JIH PAO in Chinese 26 Jun 81 p 1

[Beijing Observation Post column by contributing correspondent Yen Kai [7346 7030] "What People in Beijing Are Saying About Hua Guofeng"]

[Text] Of late, people are particularly interested in the political future of Hua Guofeng. On the eve of the sixth party congress, Hua Guofeng seems to be the scapegoat.

Actually, as early as the end of last year, Hua Guofeng had already submitted his resignation to the CCP Central Committee. Later, he again expressed his unwillingness to occupy a position at the high level and only asked to do some concrete work. This appears to be a very modest and gentlemanly demeandor. The Chinese Communist Party has also long ago earmarked Hu Yaobang to fill the post of party chairman to be vacated by Hua. It is a matter of waiting for the time when conditions are ripe. This can be formally passed at a plenary session of the CCP Central Committee in a single afternoon. For some time now, Hua Guofeng has refused to shoulder responsibilities. His refusal to appear on numerous occasions has to a certain extent smeared a layer of soot on the smiling "unprecedentedly united" faces of the Chinese Communist Party leaders. The fact that Hua Guofeng, who has lost his power, can be so confident and calm has given people the impression that there is more to it than his being the scapegoat.

According to the recent observation of this reporter, Hua Guofeng's present position is not entirely hopeless. He still has several forces supporting him in the background.

One of these forces is the old marshals. Although Hau Guofeng has no "troops directly under his control", the old marshals supporting him are very prestigious and influential.

Another of these forces is the "leftist" influence at the basic levels.According to reports, some of the documents of the CCP Central Committee formulated under the supervision of Deng Xiaoping and Hu Yaobang have been resisted by the party school personally presided over by Hua Guofeng as president.

This resistance comes from the prefectural cadres. They have the lowest qualifications of those in the party school but they are in the majority. Prefectural party secretary posts are mostly held concurrently by provincial party committee members, and they play the role of frontline divisional and regimental commanders in the four modernizations. Among the divisional and regimental commanders in the PLA, the feeling of honoring Mao and supporting Hua still runs high. The fact that JIEFANGJUN BAO dared to "take action" against writer Bai Hua is a show of force by the "leftists" in the army to influence the sixth plenary session.

The third force is the demand from a section of people for stability and unity. After the 10 years of catastrophe, people throughout China are still catching their breath and composing themselves. They have a strong desire for stability and prosperity. They dislike unpredictable policy changes and are dissatisfied with the indefinite delay in improving their livelihood. The recent wage increase of a few yuan did not catch up with the soaring prices. Therefore, when the news that Hua Guofeng must be demoted down to a Political Bureau member was circulated in the streets, some of the people were sympathetic even though he has little ability and made many mistakes. Whispers could be heard everywhere disagreeing with this excessive measure. Lying before the shrewd and stubborn Mr. Deng Xiaping is this boundless and still unruffled sea.

The policymakers of the Chinese Communist Party obviously intend to push Hua Guofeng to the lowest rank of the Political Bureau, for only in this way can the pragmatists do things their own way and speed up the tempo of modernization. However, this will disturb the people. If they pay attention to the feelings of the people, the Army and the party and to "stability and unity", they must leave Hua Guofeng the dignified position of party vice chairman. But this way will not leave them the means of sweeping away the obstacles on the path of advance. The reason that one of the old marshals left in a huff and spent more than half a year in the south is not because he opposes the line and policies of the pragmatists but because he is unhappy over the drastic changes. The question of reshuffling the upper level is centered on the key figure of Hua Guofeng, and it is impossible not to stir up great waves at the sixth plenary session.

It appears that the opponent grappling with Deng Xiaoping is not an isolated big shot from Shanxi. The new post to be presented to Hua Guofeng is still in the hands of Deng Xiaoping and he is trying to find a safe and suitable position for him.

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